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VOLUME 2

JULY, 1943

NUMBER 4

Published QUARTERLY under grant from the ROBERT SCHALKENBACH FOUNDATION  
in the interest of constructive synthesis in the social sciences.

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Published QUARTERLY under grant from the Robert Schalkenbach Foundation in the interest of constructive synthesis in the social sciences.

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THE AMERICAN JOURNAL OF ECONOMICS AND SOCIOLOGY is published quarterly, in October, January, April and July. Published at North Queen Street and McGovern Avenue, Lancaster, Pennsylvania. Executive offices, 32 East Twenty-ninth Street, New York. Subscription, \$3.00 a year. Single copies, \$1.00. Checks payable to the American Journal of Economics and Sociology, Inc. Correspondence concerning contributions should be addressed to the editor at the Journal's offices. Correspondence concerning subscriptions and other business matters should be addressed to the secretary at the Journal's offices. The editor and the members of the board of editors do not necessarily endorse opinions and statements in signed contributions, and are not necessarily in agreement with any contributions whose publication they recommend. The members of the editorial advisory board do not necessarily endorse the Journal's orientation. Entered as second class matter at the post office at Lancaster, Pa., under the Act of Congress of March 3, 1897. Registration of title in the U. S. Patent Office pending.

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VOL. 2

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## **An Ethics for Today**

*By EVERETT W. HALL*

AT THE PRESENT MOMENT, our duty may seem clear: we are to turn every energy to winning the war, and winning it decisively on all fronts. However, even now the distressing turmoil of the period immediately following the cessation of hostilities is adumbrated in events in Europe and North Africa. At best, that turmoil is inescapable. But it may easily degenerate into a relatively chronic condition, punctuated by recurrent wars relieved only by mankind's utter exhaustion. This painful outcome is no remote possibility. In fact, one may be justified in speaking of it as a probability, particularly if we enter the post-war period with no greater unanimity and definition of basic objectives than we have at present.

I agree with Professor Edward Hallett Carr's contention, in his "Conditions of Peace," that the basic need of the democratic world today is that of a unifying and vitalizing moral faith, a living ethical philosophy. Speaking particularly of his own country, but obviously with all of us in mind, Professor Carr says,

Much has been said—not on the whole unjustly—of the revival of British energy, faith and initiative after the retreat from Dunkirk and the fall of France. But British leadership has hitherto been found wanting in the

capacity to harness this national revival to any purpose less transitory and less negative than the defeat of Hitler. Once this goal is reached, there is a danger that the same lack of a common purpose may once more paralyse national policy and bring upon the victor a process of disintegration, perhaps less rapid, but in the end hardly less disastrous, than that which would result from defeat. The months immediately after the war will be fully as critical and as hazardous for Great Britain and for the world as were the summer months of 1940. The essential nature of the crisis through which we are living is neither military, nor political, nor economic, but moral. A new faith in a new moral purpose is required to reanimate our political and economic system.

This statement, from a professor of politics and a close student of world affairs, cannot but serve as a challenge to one who, like myself, is vitally interested in ethical problems. It is particularly challenging when amplified by Professor Carr's enumeration of requirements that must be satisfied by an ethics that will meet the present need. I quote five of the requirements the new moral faith must meet:

- (1) The new faith must speak in positive rather than in negative terms, striving for the achievement of good rather than for the avoidance or suppression of evil.
- (2) The new faith will make its appeal predominantly to the "little man"—to the unorganized consumer rather than to the organized producer, to the individual of small possessions and no importance who feels himself helpless in the midst of great impersonal organisations dominating the life of the community.
- (3) The new faith must address itself first of all to the solution of the economic problem; for the running sores of our present social order—unemployment and inequality—are predominantly economic.
- (4) The new faith will have to revive and renew the ideal of equality.
- (5) The new faith, reversing the nineteenth-century trend, will lay more stress on obligations than on rights, on services to be rendered to the community rather than on benefits to be drawn from it.

I agree with Professor Carr that an ethics for today, to be practically successful, must meet these demands. But Professor Carr does not attempt to present such an ethics. I hope it will not seem too presumptuous if I offer to come to his aid.

## I

THE ETHICS OF TRADITIONAL LIBERALISM is now moribund. But we must not make the mistake of supposing we can build afresh, from the ground up. Such an attempt would be unrealistic and unhistorical. Furthermore, it would lose us the values to be found in traditional liberalism. My suggestion is quite otherwise. Liberalism has in it a core that is still sound. It can be revitalized if we are willing to subject it to the ordeal of a major operation. To indicate its possibilities and its deficiencies requires that we survey it, briefly but critically.

As an ethical view, liberalism is founded on the doctrine of natural rights. This doctrine has many historical sources. It owes much to the Stoic world-reason, in which all men share, whatever their race or social status. It is indebted to the Roman conception of equality before the law. And it clearly shows the effect of the Christian doctrine of a divine creation of man, and the preciousness of each individual in the eyes of the Creator. But as a philosophy of liberalism it finds its first significant expression in the writings of the Englishman, John Locke, at the end of the 17th Century.

Locke lived during a period in which the struggle against entrenched power was particularly acute. The great causes for which he wrote—parliamentarism as against royal absolutism, Protestantism as against Roman Catholicism, tolerance toward dissenters as against forced adherence to the established church—all championed the individual and the common man as against concentrated, entrenched authority.

This interest in freeing the individual from external, established coercion is clearly reflected in Locke's philosophical writings. We find him lashing out against the doctrine that the individual is born with a stock of innate ideas and principles, which he must accept, willy-nilly. This doctrine, Locke thought, was a weapon in the hands of the established

authorities to keep the individual unquestioning in his subservience. But it is in Locke's political philosophy that his liberal individualism is most strikingly apparent. In the state of nature, i.e., as they come from the hands of the Creator, all men are equal and independent. There is here no social authority or power; each man preserves his own rights of life, liberty, health, and property, against the injuries thereto by others. Political power is based upon the free consent of the governed, a consent granted only for the purpose of protecting the individual's natural rights by authorizing a government to judge and punish any infringement of them.

Let me call attention to three aspects of Locke's philosophy, of importance for our later consideration. The first is an obvious feature. Locke's view of organized society in relation to the liberty and rights of the individual is wholly negative. Locke is primarily concerned to keep the State from infringing upon the individual's rights (and he has good grounds in his day for such concern); he therefore gives the State only the *negative* function of *protecting* the individual's rights. He did not see that organized society may make *positive* contributions to an individual's rights and liberties. The second consideration is intimately connected with the first. Although using such terms as "all men," Locke's liberalism is really an argument for the rights of a single class, the so-called "middle-class," the class of small farmers, business men, and professional men, fighting against entrenched royal and baronial interests, and the freedom and rights it sought to preserve were essentially those connected with property. This is revealed in Locke's contention that the basic equality of men lies in the right of each "to preserve his property," and that governments are formed "for the preservation of the property of all members of that society." The third aspect is less obvious. It is reflected in Locke's concern with the individual's *rights* (not with his duties), in the

doctrine that each individual normally preserves his own rights, and that civil society is formed precisely to protect one's rights against infringement by others. I refer to the assumption of the inherent selfishness of man. This tendency of liberalism to rest upon self-seeking is not so clear in Locke as in his successor, in our account, Adam Smith, writing in the second half of the 18th Century.

Just as Locke makes the individual the final authority in matters of knowledge and the basic seat of political rights, so Adam Smith makes the individual the final economic unit, the ultimate judge as to his own economic interests. But now self-interest comes more to the fore as the basis of the social structure. Where each man is allowed to pursue his own interests, as he sees them, a natural order of things develops an ideal, complex economic structure in perfect equilibrium. Every man in seeking his own advantage was "led by an invisible hand to promote an end which was no part of his intention." To continue in Adam Smith's own words, "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest." "I have never known much good done by those who affected to trade for the public good."

The economic system thus frankly founded on individual self-interest can only work well, Adam Smith argues, if left free to function on its own natural laws—as a system of free competition and exchange. Thus the attitude of *laissez-faire*, of no governmental interference, is advocated. The government does have some functions, but they are, in the main, protective and negative. No positive guidance of the economic process, no special encouragement of trades or investments, no regulations as to wages, apprenticeship, no meddling with the free operation of competition on the part of the government is to be allowed. Clearly here again we have a negative conception of the relation of organized society

to the rights and liberties of the individual, and here again we have an ethics of a single class, the rising industrialists as contrasted with the large land-owners.

## II

WHEN WE COME TO the Nineteenth Century, we find an interesting change in liberal thought in England. The philosophic basis is no longer, or not so obviously, the old doctrine of natural rights, with its free and equal individuals as emerging from the hand of the Creator. There were no doubt several reasons for this. There was growing doubt of the whole belief in a Creator. More specifically, there was doubt as to the fact of any actual occurrence of a society in the state of nature. On the other hand, anthropological investigations indicated that the most primitive groups display social structure and a hierarchy of authority. It was increasingly recognized that individuals are not actually equal at birth or at any other time. Moreover, to treat individuals *as* equal, when they are *not*, may give rise to the most evil consequences. A free competitive economic system may be most unfair in that, though supposedly rewarding all according to their deserts, it forever prohibits those who did not happen to inherit certain business abilities from attaining economic success and security. And, most important of all, the actual social results of a system based on unrestrained self-interest, particularly when that self-interest could command vast accumulations of machinery and labor, became so objectionable in the eyes of anyone sensitive to human suffering and to the stunting of human development, that the philosophy which had been used to justify this system could hardly seem any longer acceptable.

Hence we find in the utilitarians—or the “Philosophical Radicals” as they were called—that the ground of liberalism has been somewhat shifted. The liberal reforms advocated

by Jeremy Bentham and John Stuart Mill—extension of the franchise, improvement in prison conditions and penology, restriction of maximum hours of labor, even re-distribution of wealth—were based ostensibly, not on a philosophy of equal rights and non-interference, but on an ethics of social utility. The greatest happiness of the greatest number is to be the final criterion. Not that Bentham and Mill explicitly claimed to have shifted the ground of liberalism. In fact, in economic theory they both gave at least verbal adherence to *laissez-faire*.

Furthermore, the principle of utility itself shows obvious traces of the doctrine of natural rights. In the first place, neither Bentham nor Mill could finally rid his thought of the notion that public good must rest basically on unrestrained self-interest. This appears in the peculiar attempt to prove that the greatest happiness of all is sought since each seeks his own greatest happiness. In Mill's words, ". . . each person's happiness is a good to that person, and the general happiness, therefore, a good to the aggregate of all persons." This sounds suspiciously like Adam Smith's faith in an "invisible hand" transmuting individual self-interest into public good. In the second place, the doctrine of a natural equality in their rights of all men is reflected in the principle of utility. This principle does not make the greatest amount of happiness in society the criterion of social institutions and practices, but the greatest happiness of the *greatest number*, where, in Bentham's dictum, "everybody is to count for one, nobody for more than one," or, as Mill explains, "All persons are deemed to have a *right* to equality of treatment, except when some recognized social expediency requires the reverse." In fact, without this principle of justice or equality of rights, the principle of utility could hardly have been used as an instrument of liberal social reform by the "Philosophical Radicals." The forces of social oppression and class privilege can present

a plausible justification of their domination of society on the basis of the maximum happiness of society (although their usual appeal is to the health, soundness, or orderliness of society), *providing* there is no requirement of a maximum breadth in the distribution of that happiness.

I thus feel justified in passing over the shift from natural rights to utility, in this account, and in asserting that the doctrine of natural rights still remains the philosophical foundation of liberalism. I am further encouraged in this neglect by the fact that the finest expression of liberal thought coming from this group of Philosophical Radicals is a work which is almost transparently a restatement of the doctrine of natural rights, though it purports to be founded on the principle of utility. I refer to Mill's "On Liberty."

### III

LIKE THE OLDER advocates of natural rights, Mill is here concerned with "the nature and limits of the power which can be legitimately exercised by society over the individual." Like them, he is concerned with protecting the individual's rights from infringement. Furthermore, his criterion as to when interference with the individual is justifiable is, I think, just a formulation of what might be said to have been implicitly present in the older view.

That principle is, that the sole end for which mankind are warranted, individually or collectively, in interfering with the liberty of action of any of their number, is self-protection. The only part of the conduct of anyone, for which he is amenable to society, is that which concerns others. Over himself, over his own body and mind, the individual is sovereign.

Along with this basic similarity, however, there were certain differences. Whereas the older advocates of natural rights were concerned to protect the individual against despotic, non-republican types of government, Mill thought this battle won. He is concerned to protect the individual,

within a politically democratic society, against domination by the majority. Demands of conformity to majority regulations of life he sees as the real threat to individual liberty. Again, whereas the older representatives of the doctrine of natural rights were largely concerned with protecting the life, property, and liberty of action of the individual, against the threat of physical compulsion, Mill thought this battle won, and sought, in the main, to protect the individual's liberty of speech, thought, and moral judgment against the compulsion of an intolerant public opinion.

"On Liberty" is certainly one of the most persuasive vindications of freedom of speech and of individual differences in modes of thought and life that liberalism has to offer. Yet it, as its predecessors, reveals certain basic weaknesses in the liberal tradition. I do not refer to the fact that this book is, of course, already out of date in certain respects, in what may be called its application. This can be easily remedied. For example, we now know that the battle against despotic, non-republican government has *not* been won. We also know that the battle against threats of physical force against the life, property, and freedom of bodily activity of the individual has *not* been won. Furthermore, within the framework of republican government, relative to the English society of Mill's own day, there are serious omissions. I refer to the fact that Mill seems to be blind to the dangers of a new despotism, a despotism not of political kings but of industrial and financial magnates. Mill is afraid of majority opinion but apparently not of organized, wealthy minorities. But even this could be remedied with comparative ease. All that would be necessary would be to restate *what* social pressures we must protect the individual against and *what* rights of the individual are particularly endangered by these pressures.

I refer to more serious defects, defects whose removal requires a more basic reformulation of the ethics of liberalism. As I have intimated, the doctrine of natural rights got into difficulty with its assumption of the equality of men, in a state of nature or as created by God. Men are *not* equal in their native endowments. Nor do they enter life as blank tablets equally receptive to anything experience may chance to write upon them. Mill does not base his appeal for individual liberty on such a supposal of equality. However, by not doing so, he leaves individual liberty without a basis. Natural rights furnished a basis, though one no longer acceptable, for individual liberty. Mill seems to appeal to several bases: greater happiness of society, greater variety in society, self-development, greater probability of attaining the truth. But unquestionably, for Mill, the liberty of the individual is as fundamental a good as any of these others. They may serve to persuade other people, but Mill does not in his *own* thought make them ethically more basic. We are thus left wondering whether the liberty of the individual is without foundation in the structure of Mill's thought.

Secondly, the negativistic view of individual liberty, so characteristic of the natural rights doctrine, i.e., that liberty means simply freedom from restraint, from external pressure, remains as the distinctive meaning of liberty for Mill. He does not see that protection of property without opportunity of acquiring it, liberty of bodily action without medical and instrumental means of developing and extending the body's effectiveness, freedom of thought and speech without available means of gaining information and methods of sound analysis, are empty. Protection and security are meaningless until there is something positive to protect worth protecting. Liberty needs content and implementation as well as protection. And much, if not perhaps in a degree all, of the content and implementation of an individual's liberty is beyond the

power of purely individual acquisition. Society must here contribute, positively, or "liberty" is an empty term. As a fact, of course, society always does contribute positively to the liberties of individuals, but oft-times only accidentally and unconsciously, and thus very meagerly in comparison with the possibilities. Liberalism, so it seems to me, should shift from the defensive to the offensive, and advocate a type of political, social, and economic organization that will make the maximum contribution to the development of individual liberty.

Finally, Mill does not avoid the fallacy, found in natural rights, of basing liberalism on self-interest. I do not mean that Mill is himself dominated by self-interest. Contrariwise, a fine spirit of social-mindedness pervades "On Liberty." But clearly his argument is directed toward preserving the individual's rights; we are to meddle with other's affairs only when self-protection requires it. Nowhere does Mill point out the inevitable defects of a society where each is solely concerned with exercising and preserving his own liberties. Mill has a fine sense of duty to other's rights, but he does not advocate such a sense of duty, on the part of all individuals, as a necessity in a stable, liberal society, nor does he see the need of a co-operative social consciousness directed toward the eliciting as well as the protection of individuality. Yet the actual results of a *laissez-faire* type of individualism in economic relations furnish ample proof that unrestrained self-interest on the part of individuals cannot establish a stable, not to say just, social order.

These are serious defects, defects which, at least in part, are the source of the decline in effectiveness of liberal thought in the 20th Century. Probably Harold J. Laski is correct when, in speaking of this decline, he says, "we must, if we are to be honest, admit that liberalism has suffered an eclipse as startling and as complete as that which attended the doc-

trine of the divine right of kings after the Revolution of 1688." And if we wish to save what is fine in this tradition we must, I think, agree with Laski that liberalism must be radically reformulated if it is to survive.

#### IV

IT IS IMPORTANT to consider seriously, I think, the possibility of a revitalization of the liberal tradition, making it into a democratic ethics that can live and function today. In discussing Mill's "On Liberty" I have indicated certain important needs that must be satisfied. First, we must find a new basis for individual liberty; the old one of equality at birth or in a state of nature is untenable. Second, individual liberty must not be defined negatively alone, as simply absence of restraint by society; it must involve a positive contribution of society in developing and implementing the individual's liberty. Third, individual liberty must not be the special privilege of a restricted class only—the liberty of big business and finance to protect and increase its property in any way it deems effective. Finally, individual liberty must not be based on self-interest only; social-mindedness must have a place as motivational ground.

If these changes can be made, liberalism can meet the requirements of an effective moral faith for today which Professor Carr has laid down. I propose to suggest a point of view that will make the necessary changes. Its basis is a frankly ethical postulate or article of faith: *anything freely chosen by an individual is, by the fact of being freely chosen, good, and, disregarding certain further qualifications to be indicated in a moment, any such good is equal to any other.* This gives us a basis of equality, but it is an ethical, not a factual, equality. Individuals are equal as sources, through their free choices, of value. Individuals may be as unequal in mental endowment, financial ability, physical make-up as you

please. Our postulate says simply that these actual inequalities are irrelevant to the goodness of what they freely choose. And by using the adverb "freely" I simply mean to rule out the case where choice is forced, so that one seeks simply escape, the least evil way out.

Fundamentally, my argument would be that this postulate does unobjectionably what the older doctrine of equality of natural rights did objectionably, namely, it furnishes a theoretical foundation for the liberties of individuals.

Our second requirement in the revitalization of liberal philosophy was that liberty was not to be defined negatively only, as absence of restraint—it must be given positive content also. This I propose to take care of by two qualifications of the basic ethical postulate I have proffered. The free choice which defines good is to be "realistic" and "intelligent." More accurately, things freely chosen by individuals are equally good *only* if the choices are equally realistic and intelligent. A more intelligent or realistic choice makes its object more valuable.

These qualifications amount to a clarification of what I mean by "free choice." Marie Antionette is said, according to a well-known story, when told that the people cried for bread, though there was no bread, to have retorted, "Let them eat cake then." When the means of attaining alternative ends are not available, a supposed choice between them is not, in any realistic sense, a choice at all. Not wishful thinking, but effective choice, issuing in action that, so far as can be anticipated, will achieve the chosen object, confers value. Thus choices must be implemented. And this implementation, in most cases, is not solely up to the individual. Society must make available the means. Skills, special training, economic resources of various sorts are, in the main, not attainable by sheer individual exertion—society must be organized

and functioning in a certain fashion to make them available to the individual.

But besides being realistic, free choices must be "intelligent." By this I mean that in choosing between attainable alternatives, the individual must have adequate knowledge of what these attainable alternatives really are, and what probable consequences would be entailed if they were attained. The small child does not have a free choice between the alternatives of drinking the evil-tasting prescription of his physician and the sweet-tasting poison next to it, for he is not aware of the likely consequences of each. Intelligence in our choices is, of course, a matter of degree. No one can be fully cognizant of all the likely consequences of any choice he makes. But tremendous improvement is possible in changing choices from blind impulse toward intelligent appraisal. And here again society has a positive rôle. No single individual can, by his own unaided efforts, go far in the direction of making his choices more intelligent. The experience of the race must be made easily available to him. He must be stimulated to see the possibility and value of making his choices more intelligent.

## V

IT SHOULD BE CLEAR that free choice, if it must be realistic and intelligent, is not something merely negative, absence of restraint. But it might still, for all I have said, be basically determined by self-interest. Obviously free choice by individuals leads into conflicts between these individuals, and we no longer have faith that the unrestrained competition of selfish interests will be guided, by "an invisible hand," to promote the public good. We need another principle.

Besides our postulate as to the basis of *good*, we need a *standard* for resolving conflicts of goods. And so I propose a second, ethical postulate. It is this: *The more good the*

better. This means that the more objects of free, intelligent choice that are actually attained by those making the choice, the better. So in a conflict of two individuals. Suppose their choices to be equal in realism and intelligence but incompatible. Directly, in terms of those choices themselves, we could not, ethically, decide between them. But suppose we accept the principle: the more good the better. Then we could ask concerning their probable effect upon other choices, and often (though I admit not always), a preference between them would become ethically justifiable. Hitler wanted the Skoda munitions works in Prague. Beneš did not want him to have them. Here was a flat conflict between the choices of different people. But the ethics I advocate is not helpless. It bids us consider effects on other choices. Hitler, by attaining his choice, not only was enabled to thwart the choices of many Czechs, but used the munitions produced to help overrun and enslave many other peoples. The effect upon subsequent choices if Beneš had attained his choice would have been appreciably different.

But let us turn back to the main issue. How does our postulated standard, the more good the better, satisfy the requirement that liberty must not be based wholly on self-interest? It does so through its impersonality. It does not say, the more good *for me* the better. I count no more than anyone else. It is the largest amount of *attained free choice*, without respect to whose choice it is, that defines what is best.

I grant that this does not solve the practical problem of how we are to make selfish people more socially-minded. We must turn to psychology for help on this matter. But at least in theory we now have a place for duties to others as fundamental as that for our own rights. Individual liberty now becomes a social gospel, calling for co-operative social action and a co-operative social consciousness; it can no longer be a mere protection of selfish interests.

To summarize, I urge, as an ethics for today, a revitalized liberalism whose basic principle is: The greater the amount of goods, that is, of attained objects of free, realistic, intelligent choice, the better; or to express it more briefly, *the greater the amount of implemented liberty the better.*

## VI

AFTER THIS RATHER HEAVY dose of ethical theory, I want to turn, in conclusion, to a more interesting question: that of the applicability of this "revitalized" liberalism to the more immediate problems confronting us today. And first I must face the embarrassing possibility that it is not applicable at all. For I must admit that the quantitative expressions I have used may be highly misleading. I have said, the *more* good the better, a chosen object is better than another if it permits *more* free choice of other objects. But we have no accurate yard-stick here. Even the simple procedure of counting choices is out, partly because choices are not cleanly delimited articles like people in a room, and partly because I would weight them differently in terms of their realism, intelligence, range of alternatives, etc. Furthermore, in estimating the effects of a present choice, if carried out, upon future ones, we must be satisfied with likelihoods. It is awfully hard to say what will happen, to myself and others, if I get what I want. My new car may end by killing me, thereby drastically reducing the number of free choices in the world.

But I am not completely pessimistic. All philosophies face the same sort of difficulty: they cannot be applied to experience in a direct, detailed fashion. They are not machines from which you can crank out exact solutions of particular, practical issues. As soon as you try to make them such, they become ridiculous, like Bentham's "hedonic calculus" by which men were to decide practical issues by the simple procedure of adding pleasures and subtracting pains. Philoso-

phies cannot be applied to life in such a direct, mechanical way. Be as intelligent as we may, the guidance of life requires guesses as to the future, weighing of alternatives which, in any strict sense, are incommensurable, a whole host of "imponderables." The value of a philosophy of life is simply that it eliminates another indeterminate: the uncertainty as to where essentially we want to go. If we have a basic direction defined, then we can roughly steer our course, and when we go *too* far astray, we can recognize that fact, and turn back toward our course.

Let me, then, conclude by showing roughly how the proposed ethics would deal with a definite issue that will face us in the post-war period. I refer to the broad question of economic planning.

Traditional liberalism has been on the side of *laissez-faire*. This has been due to its negative view of liberty. Liberty has meant freedom from restraint. Liberty in property therefore has meant freedom from governmental or other social control in doing as one pleases with one's property. Such freedom has allowed the building up of tremendous economic power in the hands of a few individuals, and generally the destruction of the economic liberty (in any real sense) of the vast majority of people. In place of this the revitalized liberalism I advocate would put a positive economic liberty, as wide in extent as possible. This requires, first of all, the highest possible minimum living standards. In modern society, level of income is pretty much determinative of amount of freedom of choice realistically present: it is that which implements choice. It does not follow that incomes should be completely equalized. It may be necessary, for the eliciting of rare talents of special value to society, that there always be some inequalities in distribution of wealth. But this should be determined on the basis of definite objectives (objectives themselves justifiable on the principle of maxi-

mized liberty), not on the accidents of free competition. Unrestrained competition has proved itself a poor tool for developing a distribution of wealth most conducive to maximum freedom in society as a whole.

Furthermore, on the ethics I am proposing, economic planning would be justified in the sphere of production as well as in the field of distribution. Clearly production is no intrinsic good, no end in itself. It is justified only in so far as it yields goods whose consumption realizes choices, or makes possible the realization of choices. Therefore the ideal organization of production is that which maximizes the achievement of consumers' choices. This, as I see it, conflicts with a basic tendency in our capitalistic system—the tendency to evaluate production wholly on the standard of monetary returns on investments (profits, dividends, interest). The investment yardstick must be replaced by the consumption yardstick, on the view here advocated. The control of consumer demand by means of advertising (in its subtle as well as its obvious forms) is unjustifiable, a restraint upon maximum intelligent freedom of choice. In its place must be put control of production by consumer demand. This means that advertising should be completely replaced by consumer information on various types of consumer goods. Moreover, paradoxical as it may seem, it may require planned production, in order that production may be permanently as sensitive to consumer demand as possible. Traditional liberalism argued that the system of free markets insured the greatest sensitivity of production to consumer demand. This actually proved false, through the use of advertising, the growth of monopolies, etc. But beyond these there developed a symptom that may well indicate a basic malady in the capitalistic free-market system. I refer to the growing severity of business depressions. Idle money and unemployment are not in themselves an evil. They are evil insofar as

they involve an unnecessary curtailment of intelligent, implemented liberty. Money not at work in production, unemployed labor unable to procure goods simply because the money is not at work—this clearly indicates a productive system not fully and precisely geared to consumer demand. It would certainly seem plausible that a planned system of production, such as that suggested by the late Professor Fred M. Taylor of the University of Michigan, would promise much greater sensitivity to consumer choice than the traditional method of competition. However, I am no economist, and the choice of a specific method of economic planning is quite beyond my sphere. I simply wish to urge that a positive view of liberty is not merely compatible with economic planning, but seems definitely to require it.

## VII

BUT THIS RAISES a final issue for brief consideration. Does not the ethics I am urging upon you require that questions of policy, such as concerning the type of economic system that should be adopted, be determined ultimately by majority decision of the people affected? My answer is "yes," but with stress upon the "ultimately." Most of us know next to nothing of the probable results of this or that economic innovation. We must turn to the experts here, the economists. I regret to say that they are not unanimous in their opinions, but in any case they are more able to make a significant prediction than you or I. We must, then, gain information from them, as our authorities, in order that we may make an intelligent choice—but it is *we*, the mass of people involved, that should make the choice. Some day, perhaps, we, as a society, will consult economists about our economic ills as we now, as individuals, consult physicians in our bodily ailments. The physician tells his patient the probable effects of this or that regimen or treatment. But the patient, not the physi-

cian, is the one who finally decides what course shall actually be followed. So it might be that the probable evil effects of bureaucratic features of a particular form of economic planning will outweigh the good effects of better distribution and steadier production. That will be for *us*, the people, to decide—when we have the impartial opinions of the best economists available in a form we can understand.

The post-war world will present us with many other issues whose solutions will require a definite moral faith. This single instance of economic planning, however, must suffice to indicate that a revitalized liberalism of the type sketched can be applied and how it can be applied. It cannot grind out detailed specifications, but it can give a sense of general direction, and if there is anything the world needs today, it is a sense of the general direction in which we ought to go.

## Subsidies and War-Time Price Control

By HARRY GUNNISON BROWN

ABOUT A YEAR AGO I published a paper, "Fiscal Policy and War-time Price Control," in this JOURNAL,<sup>1</sup> dealing with the problem of war-time inflation and the attempt to hold prices down by administrative decree. Emphasis was placed on the difficulties of preventing price and wage increases while, simultaneously, increasing greatly the circulating medium. If Congress would levy taxes heavy enough to pay for the war—or nearly pay for it—from current tax revenue, such taxes would take spending power away from individuals in proportion as they increased the spending power of the government. Excess money that would otherwise be used in bidding for goods and so promoting price increases would thereby be absorbed for government war-time use. Inflation of the circulating medium would be unnecessary. And to follow this policy would be quite consistent on the financial side with the use of the principle of selective service on the military side. Everyone would be required to contribute what he could. Just as the young man able to meet the physical requirements for military service has been asked to sacrifice his liberty and well-being and to risk his health and his life, those at home with surplus spending power would at least be asked to pay in taxes substantially their entire surplus over reasonable necessary living expenses.

Because taxes have not been anything like as high as they might have been and because tax contributions plus purchases of government bonds from *savings*, taken together, have been inadequate, the government has felt obliged to borrow billions of dollars from banks. *It is this borrowing of new and additional circulating medium from banks, and*

<sup>1</sup> AM. JOUR. ECON. SOCIO., 2 (Oct. 1942), 1-14.

its distribution in paying for goods and for labor, that forms the basis for the current inflation. To attempt to hold down prices, wages and rents under such conditions is like trying to hold back a car by pressing down the brakes, while simultaneously pressing down the gas pedal! Thereby come such various evasions, compromising adjustments by the price-fixing and wage-fixing authorities, quality and label changes and black markets as were described in my paper mentioned above.

But when these inevitable effects of our fiscal policy occurred, the contention was advanced that these difficulties could be avoided by means of subsidies. According to this plan producers receive payments from the government to cover, in part, their costs of production. In consideration of such payments they are supposed to keep down—or even reduce—their prices. The idea seems to be that the rise in the cost of living must be stopped, but not by doing away with its cause, *viz.*, the increase in the circulating medium brought about through borrowing from banks!

From what source are such subsidies paid? The thought of the advocates of this plan appears to be that they will be paid out of increased taxes. That they will actually be so paid does not seem very likely in view of the history of our tax policy in this war. Nevertheless, let us suppose that funds for such subsidies are so raised. How far, then, do we really relieve ourselves from the evils of rising prices by thus paying less in formal purchase prices for goods when at the same time we pay correspondingly more in taxes so as to reimburse the very people from whom we purchase the goods!

It is argued by some, indeed, that the tax method has the advantage of making persons with larger incomes help pay the food and clothing bills of persons with smaller incomes. But if, because government finances this war so largely by

borrowing from banks, prices tend progressively upward and we are then urged to impose heavier taxes on the recipients of the larger incomes to protect others—by means of subsidies to producers—from the rising prices, why not instead impose these higher taxes *to meet war expenses?* Thereby we would avoid borrowing from banks and would bring an end to the progressive increase of the circulating medium from which the trouble stems. Is it not ridiculous that we should levy high taxes to get money to pay subsidies in order to secure funds to appear to hold down prices, when the prices are rising just because we *won't* levy high taxes to pay war expenses? Because we insist on paying a large part of these expenses by means of borrowing from banks?

It should be noted, however, that many advocates of subsidies do not wish to have the subsidies paid to all of the producers in a given subsidized line. Instead, they would have subsidies paid only to the "high-cost" producers, assuming that other producers can, and should be compelled to, keep prices down without such help. But in fact, as competent economists know, the question of what is the most expensive part (the "high-cost" part) of the supply of any commodity is much less simple than this. A very considerable proportion of the most expensive part of the supply of any commodity may come from producers who are, on the average of all their production, in the "low-cost" groups. A slightly lower price, therefore, might cause even such a low-cost producing corporation or individual to produce *less* of the commodity than before,—e.g., to stop producing wheat from one of the poorer fields *or* from a field pretty well adapted to another crop, or to stop producing coal from one of the company's poorer veins. Or the lower price of the commodity might mean less demand for labor in that line and lower wages to employees, with the result that *some* of

these employees would decide to leave the particular line of work for some other line.

Should subsidies be paid, then, not to "high-cost" producers only but to "low-cost" producers also, at least on part of their output; and, if so, on how much of their output should the subsidies be paid? Should subsidies be paid to workers who, because of their alternatives, may be unwilling to remain in an industry for a wage which many other workers are willing to accept? For, certainly, the product of such unwilling workers is a "high-cost" product. Or shall subsidies be paid to capitalists and land owners but never to wage earners? Should subsidies be paid to all of those who are relatively inefficient in a given industry, so as to keep them in it,—on the theory that their part of the supply is a "high-cost" part? And then, if the subsidies in one industry make it seem relatively profitable, shall subsidies be paid to other industries to keep men from leaving them to go into the originally subsidized ones? How widely, indeed, shall this government favor be spread?

The cost of production of any commodity, in the sense of what must be paid to get the commodity produced, depends on what those engaged in producing it—or who might be induced to produce it—believe they can get in other lines. Cost of production is, therefore, relative. If inflation causes some prices to rise rapidly while other prices are held down, many of those in the regulated lines are likely to leave those lines *unless* prices and incomes are allowed to rise in their lines also. And in like manner subsidies in *some* lines, which are not granted in other lines, definitely tend to draw labor and capital and land away from such other lines. Where, then, shall subsidies stop? And, if they are not given to every one, who shall select the favored individuals and companies to which the payments shall be made, and on what basis and by what detailed research shall the selections be made?

But indeed, since we are not now meeting the expense of carrying on the war out of taxes (or, even, out of taxes *plus* voluntary savings invested in savings bonds) but are borrowing very largely from the banks and thereby expanding greatly our circulating medium, *why* is it so glibly assumed that the subsidies will be paid for out of taxes? What if these subsidies are in fact paid for with funds borrowed from the banks? What if this means *even more* borrowing from the banks by the Federal government than we have had hitherto and, consequently, an *even vaster* increase in purchasing power! Would such a result not resemble, in some sort of fashion, trying to hold back a car by pressing down the brake (price regulation and rationing) while simultaneously not only putting on a full head of gas (borrowing for the meeting of regular war expenses) but also getting the car pushed from behind (more borrowing—to pay for subsidies) by another car or a truck?

To date, in carrying on World War II, we have not prevented prices from rising in considerable degree. If the above considerations apply, how can we conclude that subsidies are the real solution? How can we maintain that, if we now pay subsidies, prices will rise no further but that, instead, we shall successfully "roll back" the price level, improve the economic status of the relatively poor and allay discontent?

## Post-War Challenge to Inter-American Relations

NON-INTERVENTION and reciprocal trade concessions laid the groundwork for undertaking inter-American co-operative action in many broad fields. The results of the tariffs of 1921, 1922 and 1930 were to curtail progressively the purchasing power of other countries for our goods by diminishing the opportunities for the sale of their goods in our market. It would be a distortion of the truth to say that the economic crisis which gripped the world in its vise in the early thirties was caused solely by the tariff policy of this country. It is no distortion, however, to say that the policy of tariff increases of the United States which was carried out during the decade after the first World War had an important bearing in bringing about the adoption by other countries of similar policies. This slow strangulation of international trade was one of the chief causes of the world crisis. The initiative in reopening the channels of international trade was taken through the Trade Agreements Act of 1934.

The American republics have been bountifully endowed by nature with rich natural resources. The development of these resources under the sovereign jurisdiction of the governments of these nations, and for the benefit of their peoples, can have the effect of bringing happiness into the lives of many millions who now suffer from want. Such development will require resourcefulness and long, hard work. It is going to require a wider possession and use of land, the expansion of food production in order to feed adequately a growing population, the improvement of labor standards, the abolition of illiteracy through free public education, the extension of public health facilities, the investment of local and foreign capital in new types of local enterprise and a willingness to change existing habits in order to provide new ways of living that mean a better existence for all elements of the population.

It is my belief that through the extension of the same principles of international co-operation which have already given such productive results, the American republics can make vast strides toward the attainment of the standard of living and of individual security of which their resources, material and human, are capable. This is one of the great challenges of the post-war world to inter-American relations.

I have every confidence that this challenge will be met; and that the twenty-one republics of the Western World will become one of the first areas of the earth to advance measurably to a life of security from want, and of opportunity for each individual to develop his particular talents to the benefit of society as a whole.

SUMNER WELLES

## Midwest Agriculture in the Second Year of War

By L. J. NORTON

LAST YEAR AN ARTICLE by this writer was published in this journal under the title, "The War and Midwest Agriculture."<sup>1</sup> The general point of view expressed was that this section of the country must carry a principal part of the burden of any increased wartime production of farm products because it includes the largest area of highly productive land in the nation; because, in view of the high margin above labor and operating costs, it is less vulnerable to higher labor costs; because it is adapted to mechanized agriculture; and because opportunities exist for expansion by greater use of available capital goods (livestock and feed). The Midwest was then defined as follows: "(it) includes the area from Ohio and Michigan on the east and the Dakotas, Kansas, and Nebraska on the West, in some respects including the state of Oklahoma, and from the Canadian border on the north to the Ohio River, including the state of Missouri."

In general, the results of the past year have borne out this analysis, and the situation makes it even more true today. This area in 1942 increased its acreages in the basic feed crops and in soybeans and flaxseed, and on this larger acreage, because of good weather, raised the largest crop in its history. It sharply increased the output of pork and poultry products, increased production of beef, and maintained the higher level of milk production which had developed in 1941 in response to the increased lend-lease demands which emerged in that year. So far as bread grains were concerned, excessive rainfall reduced the crop in the eastern part of the area, while

<sup>1</sup> AM. JOUR. ECON. SOCIO., Vol. 1, No. 4 (July, 1942) pp. 361-80.

adequate rainfall made higher production possible in the western part of the area. Good feed crops and increased numbers of poultry and hogs make possible further expansion of their products in 1943.

These high outputs were achieved in spite of the reduced allotments of new machinery, which proved adequate with the possible exception of harvesting machinery, and in spite of the constant drain on the manpower of the area to the armed forces and to the various war industries which operate in most parts of this region. The increased work was done through more complete utilization of the time of the regular working force which the recent mechanization had left not fully employed, through increased use of family labor—that of women and children, through older men, who would normally have retired, but were continuing to farm—through some assistance from local people, high school boys, etc. In addition, long hours were worked in emergency periods, many short cuts were taken, and there was more exchange of labor among neighboring farmers. In other words, 1942 definitely demonstrated the great flexibility of the working organization of American agriculture, provided adequate incentives exist. The incentives were the widespread recognition of the need (most of these people have relatives or friends in the armed forces) the increased incomes that go with higher production, and the desire to get a job done, which is inherent in people who are "production minded," as farmers typically are.

## I

THE SECOND PRODUCTION YEAR of the war is now underway. Certain trends are clear; certain difficulties are manifest. But with favorable weather, it is certain that the level of farm output in 1943 will be high.

First, as to trends. Outstanding is the very large increase in hog production. All the preliminary indications point in

this direction. The reasons are obvious. One, the ratio between the prices of hogs and corn is very favorable. On the first of April at Chicago prices, 100 pounds of hogs were worth about \$15.50, and a bushel of corn, about \$1.00. This makes the conversion of corn into hogs very profitable. Two, the Secretary of Agriculture has guaranteed a minimum of \$13.25 per 100 pounds, Chicago basis, for the current crop; this guarantee was subsequently raised to \$13.75. Thus, "expectations" of profits from raising hogs are very high. Third, supplies of feed are large and well distributed because of the very fine 1942 crop. Supplies of corn were increased particularly in the western corn belt, a region which up to 1942 had not had particularly good yields. Fourth, the basic timing inherent in the process of hog production makes for cumulative increases. This process of expansion began in 1941, went forward in 1942, and will possibly reach a crest in 1943 or 1944. When hog production is being expanded, farmers retain more breeding stock; this reduces market receipts; from the larger crop, more breeding stock is retained; as this process is continued numbers are gradually built up. The peak of hog marketings will come when this process is ended and farmers are no longer retaining additional breeding stock but instead are liquidating it. In 1943 the process of expansion will have run long enough so that a rather phenomenal increase in numbers is possible.<sup>12</sup>

A second trend is increased poultry production. Relationships between prices of eggs and poultry and feedstuffs are favorable, although not so favorable as for hogs. Poultry production utilizes family labor and so up to a point can be increased in periods of labor shortage.

A third trend is the tendency to increase acreages of corn, the basic crop of the area. All AAA restrictions on the pro-

<sup>12</sup> As pointed out below, there are indications that further expansion has been checked by developments in connection with feed in the early summer of 1943.

duction of this crop have been eliminated. But the increases cannot be large, because all the land of any significant productivity has been planted to some crop in earlier years. There will be an increase of perhaps 10 percent in the acreage of corn, replacing hay, pasture, small grains, and in some areas, soybeans.<sup>2</sup>

Cattle numbers increased in 1942, but with less hay and pasture, they may decline in 1943. More milk cows are on farms, and milk production may be slightly larger unless weather conditions are unfavorable. A detailed analysis of milk production in one important dairy county in this area showed that the largest increase came in 1941 and that increases in that year were largest on the larger farms and on tenant-operated farms. Production increases reflected both more cows and higher production per cow. In 1942, the increases were chiefly due to more cows. Contrary to the change in the previous year, the smaller farms increased or held up their production better than the larger farms, and the owners more than the tenants. These changes reflect the increasing difficulties of the larger farms in retaining efficient hired labor. In 1943, the increase of from one to two percent in number of cows is the principal factor likely to increase production of milk.

Tonnage of beef produced in this area will be reduced by price relationships. The OPA ceiling prices on the better grades of beef are such as to discourage the long feeding necessary for heavier weights per animal. Relative to the announced live animal equivalents of the ceiling prices on different grades of dressed beef, the lower grades of cattle sell higher, reflecting the tendency for quality premiums to disappear when the demand for food values becomes acute.

<sup>2</sup> In spite of the very heavy rainfall during the month of May in a large section of the midwest, large acreages have been planted. But over wide areas the crops are late and some acreage cannot be planted because of flooding of the land. A repetition of the bumper crops of 1942 appears unlikely, but with continued favorable weather large supplies of feedstuffs will be produced.

Producers criticize these OPA policies. That they mean less tonnage is certain, but it must be recognized that production of this high-quality beef is expensive in terms of corn. The basic question is: Can this feed be better used to produce other animal foodstuffs—pork, milk, eggs, poultry—than to make more beef? In the opinion of this writer, priority in wartime should be given to production of maximum food value rather than quality. The present OPA price policy in cattle means less high-quality beef but more of other valuable foodstuffs.

## II

GOVERNMENT REPORTS INDICATE that production of oil seeds in this area will again increase, although in some localities increased acreage of corn will force a reduction in the acreages in soybeans. In 1942 there was a large increase in the production of this crop; considerable difficulty was experienced in harvesting, first, because of an early freeze and an early onset of winter weather; and second, because of a shortage of combines for harvesting in some communities. Moreover, in much of the area the yield ratios between corn and soybeans are such that in view of probable ceiling prices on both crops, gross returns per acre will be higher for corn. Moreover, the penalties for overplanting corn have been removed, and so some acreages of soybeans which were planted in 1942 and earlier years to get the payments which went with holding down acreages of corn will be replaced by corn.

The Department of Agriculture has suggested a "wartime payment" on soybeans of \$15 per acre for all acreage planted between 90 and 110 percent of the goal or allotment. Congress apparently does not wish to approve appropriations for this purpose. In the more important soybean areas, this incentive payment would have made little difference. AAA committeemen determined how many soybeans a grower planned to grow. The goal was then set at 90 percent of this

figure. This procedure actually would have given the grower full payment for planting the planned acreage. But in marginal areas, particularly where corn yields are uncertain, "incentive payments" would likely have induced considerable increase in acreage.

These oil seeds yield two products: oils needed to replace reduced imports and to meet increased demands; and meal, largely used in building up the protein content of livestock rations so that the animals make more efficient use of the carbohydrate feeds, such as grains, and, in the case of ruminants, of hay. In addition, use of soybean flour in foods for human consumption is expanding. Increases in such uses are likely to be phenomenal in the coming year.

The oil seed meals are now used chiefly as stock feeds. After being separated from the oils, the meals move back to farmers, either in mixed feeds or in an unmixed form. The eastern states use these products largely as mixed feeds for two good reasons: One, they have to buy most of their grain, and so there is no diseconomy in having these high-protein materials mixed with grains and other lower protein materials. There is a movement of all of these products from surplus areas into the East. Two, there is some advantage in having the feeds scientifically blended in commercial plants, especially in the case of poultry feeds, which need to include a variety of materials, all of which contribute to the better nutrition of the birds. But in the Midwest, the situation is different. There most farmers have a surplus of grains. To make efficient use of these grains, they need additional protein, and the higher the concentration of purchased protein feeds, the less the economic waste involved in moving grain from farms to a mixing plant and in paying the costs of preparing and distributing the mixed feeds. For poultry, and to some extent, for hogs, Midwest farmers use mixed feeds because of the superior values of properly blended feeds. Both

of these animals have simple stomachs and need feeds which are complete with essential vitamins, minerals, etc. Poultry scientists, commercial feed interests, and poultrymen interested in high production are in agreement on the value of properly mixed feeds for poultry. For hogs, there is more disagreement, and many successful hog producers prefer to use ingredients, such as tankage (an animal byproduct), soy-bean oilmeal, and alfalfa meal. Cattle and sheep, both ruminants with more complex stomachs, can use a variety of feedstuffs and remake them to meet their own nutritional requirements. It is, therefore, more common for cattlemen, either beef or dairy, who have adequate supplies of hay and grain, to buy unmixed supplement feeds rather than mixed feeds.

### III

IN SPITE OF SOME INCREASE in output of oil seed meals, a great scarcity of these protein feeds developed at the onset of the 1942-43 season and the industry went on a "hand-to-mouth" basis. This chiefly reflected the enormous demand for these products, which, by Commodity Credit Corporation contracts with processors and OPA rulings, were underpriced in relation to their value in use. Many details as to supplies and demands could be cited, but they simply confuse the issue. Basically, these feedstuffs were underpriced in relation to their value for feeding. Anticipating a huge demand, the feed trade, large and small, contracted ahead for supplies. The producing industry could never catch up on their orders. Many producers of meals also appear to have withdrawn their sales force, since the commodity sold itself. As a result, apparently, a larger than usual proportion of the meal moved into the hands of feed mixers or local feed dealers who did their own mixing, and less was available to feeders who wished to purchase ingredients. This situation caused

much complaint in areas where farmers had grain and were accustomed to purchasing unmixed ingredients.

Faced with this immense demand, the feed trade, in co-operation with the government, worked out a plan to reduce the protein content of certain mixed feeds and also the proportion of certain very scarce materials put in various feeds. This was a practical form of rationing. The plan had competent technical guidance insofar as the sections of the country that buy a large part of their feedstuffs are concerned. However, these changes made the scientific feeding of animals on farms with an abundance of grain more expensive because it involved dilution of the desired proteins with other materials not essentially different than those available on the farms. There is little complaint from the poultrymen on this score; the opinion of the hog producers is mixed; some dairymen seriously object. The latter do not need a low-protein mixed feed but high-protein material to supplement their own hay and grain.

The protein situation is not likely to be materially improved in the coming year. No new processing plants can be built because of the shortage of critical materials. Much soybean meal will be diverted to manufacture of flour and other human foods under the well-known principle that products are worth more for human food than for stock feed. There will be more livestock and poultry. Unless OPA regulations are changed, these products will continue to be drastically under-priced. Moreover, feed grains will be higher in price. Even under the ceilings of April 1, they were higher than during much of the past feeding season, and this will increase the demand for protein feeds in an effort to make the grains go farther. Hence, rationing by trade methods will likely continue. Two results can be anticipated:

First, farmers who grow soybeans and flaxseed and who have need for protein feeds may insist when they sell their

soybeans or flaxseed that they be permitted to buy back a portion of the meal. There is nothing in the present CCC or OPA arrangements that would prevent this. It would not affect the price of either the soybeans or the meal. If soybeans are scarce, some processors would likely agree to reserve a portion of their meal for purchase by the farmers who produce the soybeans.

Second, farmers who grow soybeans and cannot buy protein feed or make the type of arrangements noted in the preceding paragraph, will feed the soybeans to their own livestock. This would be wasteful, as it would not permit recovery of the oil (approximately 9 pounds of oil per bushel, worth about \$1.17 at current ceiling prices), and because it would reduce the quality of pork, but it is in line with farmer psychology to use a home-raised substitute when a purchased product is not available at a reasonable cost.

Both of these situations could be avoided if the processors or the government would agree to sell back to the growers a certain proportion of the soybean meal from their soybeans. This would be a much more attractive stimulus to getting soybeans produced in livestock sections than the proposed "incentive payment" suggested above. The distribution of such meal could be handled through trade channels, and no subsidy would be involved. If the processors would not agree to such a plan, the Commodity Credit Corporation could contract with the mills for enough soybean meal to meet its obligations to farmers under such an agreement.

#### IV

THE CHANGES IN PRODUCTION planned in the Midwest for 1943 may be summarized as follows: an increase in the acreage of corn; some increase in oil seeds in the aggregate but reduction in some areas; some reduction in small grains, hay, and pasture; a large increase in pigs farrowed; a material in-

crease in poultry and egg production; a slight increase in milk cows, but no great change in amount of milk produced; some curtailment in the tonnage of beef produced, particularly from grain-fed cattle. Vegetable production is concentrated in a few areas within this region. On balance, acreages of such crops are likely to increase, particularly on the crops with lower labor requirements, such as peas and sweet corn for canning, but a reduction may be anticipated in the crops with larger labor requirements, such as tomatoes.

The total acreage of wheat for harvest in 1943 will be lower. The AAA has now eliminated restrictions on acreages and "marketing quotas" in connection with the crop, but this was done after the winter wheat crop had been planted. High livestock prices and increased acreages of flax may restrain increases in acreages of spring wheat. The government's "intentions-to-plant" indicates an increase of about 4 percent in the acreage in this crop. However, in view of the price of wheat and low labor requirements of the crop, acreages planted for harvest in 1944 will likely increase. We will go into the next marketing year beginning July 1, 1943, with about 600 million bushels of wheat in store, or somewhat less than a year's normal consumption. But increased use of wheat as a food because of shortages of other foodstuffs, extensive use of wheat in alcohol manufacture (for synthetic rubber and smokeless powder), and heavily subsidized consumption as feed, have rapidly stepped up consumption of wheat. Exports for European relief may be increased. The total U. S. crop was estimated on June 1 at 730 million bushels compared with 981 million in 1942.

Elimination of restrictions on production and marketings of wheat was a step in the right direction. However, we still have a strange wheat program: (1) loans at 85 percent of parity prices support a price level which makes wheat production profitable in low-cost areas; (2) sales of wheat for

feed from government stores at corn prices involving losses to the government. As suggested in my article last year, a sounder policy would be to limit price-supporting loans to the share of the crop that can be used for human consumption and to allow the balance to sell in the open market. This would cause more wheat to be fed in the producing areas and would eliminate a great deal of storage and transportation of a bulky product.

The outturn of crops in 1943 depends on the weather. Based on the law of averages, acre yields will not be as good as the extraordinarily good yields of 1942. The labor situation will not prevent the crops from being planted or grown, but serious difficulties may arise at harvest time. In the early spring of 1943 there was still a considerable acreage of corn and soybeans unharvested, particularly in the northern part of the area. This reflected the early onset of unfavorable weather in the fall of 1942 and shortages of equipment and labor. With less labor available in 1943, the difficulties may be even greater. Labor shortages will also affect livestock production because stock cannot be so well cared for. It is likely that total output of crops will be less than in 1942, while total output of livestock products will be up because of the feeding of the large 1942 crops.

## V

VARIOUS BOTTLENECKS IN PRODUCTION are developing. The most important is labor. By and large, Selective Service has not yet touched the farm operators, who are mostly married men. However, Selective Service has taken a high percentage of key men among the farmers' sons and hired men. Another large group has been attracted into factory work. Moreover, practically all of the able-bodied men in the smaller rural towns and villages have been absorbed. The labor situation is therefore tight. As noted, serious difficulties may develop, particularly in connection with the harvest.

But an essential labor force has been retained. Older farmers are continuing to farm. Retirement of these men after the war will provide employment opportunities for large numbers of returning soldiers. Boys are growing up. More women are doing more kinds of farm work. School authorities are co-operating and are releasing boys when needed in tight situations. Men in small communities are helping out in emergencies. Recently, in some communities, there has been a considerable drift back to the farms, particularly of married men. Three factors contribute to this: (1) Farm wages have risen, and the opportunities look more favorable, particularly to married men, in view of the meat, milk, and shelter that go with money wages, and the rising cost of living in town; (2) Selective Service policies of exempting farm workers are a powerful factor in many cases; and (3) the construction phase of camps and arms plants is finished, and this releases workers. A limiting factor in this situation is the lack of houses for married men. Efforts are being made to get priorities for additional building, but these are difficult to obtain. Contrasted with married men, single men for farm work are very scarce.

The government has initiated a recruiting program in the marginal farm areas along the southern and northern edges of the Midwest, and is moving men into the central parts. A number of the agricultural colleges in this area are participating in this program by giving a limited amount of training. This movement is in line with the tradition of this country: Movement from areas where opportunities are poor to areas where they are better. At the outset, these men will be hired men. Many of the better men will become established in the new area; some of them will become tenants; a few will eventually become landowners. Probably a larger number of similar men have come in on their own initiative. A farmer on the southern edge of the better land reported late

in March, "The men from Kentucky are coming down the road looking for work."

The government is initiating a program for all-out farm labor mobilization, and has designated the Agricultural Extension Service, which has agents in every county, to head up this work in local areas.

Present trends suggest that, although the situation will be difficult, labor will not be a seriously limiting factor in the more highly productive portions of the Midwest with the exceptions of milk production and the vegetables with high labor requirements.

There is the usual shifting of men and land characteristic of an individualized industry like agriculture. Probably the rate of retirement has been slowed down because the young men are away and the older men must carry on. But men die or are forced to retire for physical reasons. While no data are available, it is probable that when smaller farms are vacated, the land is often operated by nearby farmers who are in a position to farm more land. This reduces total labor requirements.

There is also extensive use of hired machine work, particularly in harvesting: combines for grain and soybeans and the relatively new pick-up balers for hay. Men who would refuse to work on a wage basis for a neighbor, because they deem their time to be too valuable, will do custom work where they can employ capital as well as their labor. Other men short of labor will hire these operations done. Again, this is an illustration of the American way of getting things done. Certain people prefer to be in business for themselves rather than to work for wages. This process economizes in capital goods, because it makes it possible to spread the use of the machine over more acres than would otherwise be possible.

Another adjustment is making it possible to get the work done with less labor. Two or more farmers exchange labor or

work together. Two neighboring farmers are both planting soybeans—one does the final fitting operation, and the other, the drilling. By this process the men do not have to shift back and forth from one operation to the other. Or one man operates a corn picker while his neighbor hauls the corn to the crib. Thus one machine serves two farmers, and neither has to hire labor. This sort of thing is being done increasingly and illustrates an adaptation of the division of labor to an industry organized on the individual basis. A survey made by the Department of Agricultural Economics of the University of Illinois of the operations of farms with high labor efficiency found that joint operation was a factor in most cases. In Illinois, this idea is being spread through the medium of the Wartime Educational Program of the Agricultural Extension Service, which provides for discussion of pertinent problems in every school district in the state with a view to stimulating local and individual action.

## VI

EQUIPMENT MAY ALSO BECOME a limiting factor. The WPB has sharply reduced the production of new equipment, although it has made liberal allowances for repairs. The quotas for sale in 1942 were not reduced sufficiently to cause serious difficulty, but the quotas for sale in 1943 were not adequate. Moreover, an attempted concentration of production in the smaller firms apparently interfered with production and distribution of the larger equipment used in the Midwest. As a result, second-hand equipment often sold at farm sales at prices well above the original cost. Obviously, farm machinery cannot be produced to meet all the demands, which, in view of the strong cash position of the rural areas, are enormous. But enough should be produced to permit all-out production under conditions of a short labor force. The needs seem to be greatest for additional harvesting machinery

which economizes on labor and for all types of equipment in areas where the recovery in income after the depression of the 1930's came late and thus delayed replacement of machinery by farmers. Surveys are being made of the needs for 1944, and it is hoped that output can be increased somewhat above the 1943 quotas.<sup>3</sup> Under the circumstances, some system of rationing is essential. The methods used in calculating quotas do not seem to have worked too well. It is probable that the most effective distribution could be worked out by the trade and then checked by the government. Manufacturers of farm machinery have local district men who are in close touch with needs and demands. Obviously, when machinery is scarce, some system is essential for getting it into the hands of operators or groups of operators who can make maximum use of it. Custom work, development of plans for exchange labor, adequate replacement equipment for larger farms, are ways of accomplishing this.

Most farmers now have adequate machinery to get their work done, but, this condition will not continue unless adequate replacements are permitted.

Allotments of gasoline and other fuels for farm operation have been adequate. Shortage of manpower and the extra time involved in picking up endorsed ration coupons put a heavy burden on the firms which service farmers with these fuels. Competition in this field involves a good deal of duplication in mileage driven by fuel trucks, which might be substantially reduced by more co-operation in grouping customers. So far, not much has been done in this connection, although it is a subject of active study and discussion in some areas.

Roads are deteriorating and will continue to do so. This makes marketing more difficult and also will tend to cause

<sup>3</sup> Recently, increased production has been authorized, allocations of adapted types of steel and other metals have been approved, and concentration has been abandoned. These measures should provide much needed equipment by the winter and spring of 1944.

some farm families to be more isolated at times than has been the case since some sort of improved roads to town became fairly general.

## VII

PERHAPS THE GREATEST DIFFICULTY which will develop in connection with expansion in farm output will be the feed situation. Our animal production—which has been the central feature of our wartime expansion program—depends upon adequate feed. As pointed out above, shortages of protein feeds and various other supplements in relation to increased demands have already appeared. These will continue. The very fine corn crops which were raised in 1941 and 1942, a carry-over of corn from an earlier period, and sales of government-owned wheat at feed prices, have thus far prevented anything but local and temporary shortages of grain in the Midwest. But precisely the same facts that in 1942-43 made protein scarce in relation to demand eventually will cause the same result for grains. The present ceiling price on corn so greatly underprices it in relation to its value in use that inevitably a real or apparent scarcity of grain feedstuffs will ensue. This will gradually cause a curtailed livestock output in some places. These difficulties will develop earlier in other parts of the country. Something of this sort actually began to occur in the East and other feed deficit areas in March 1943.

From the purely physical standpoint, the question of feed supplies depends on the year's crop production. The carry-over of corn may be reduced to around the level of 400 million bushels. Consumption during 1942-43 will be about equal to the 1942 crop of 3,175 million bushels, or at the rate of about 315 million bushels a month. The carry-over will be equal to only about 6 weeks' consumption or less. In addition, we can continue to feed wheat, perhaps 200 million bushels more in 1943-44. Unless we raise a very good crop

of corn in 1943, some liquidation in livestock will be necessary.<sup>4</sup>

### VIII

THIS LEADS TO THE QUESTION of prices as a barrier to production, one of the most controversial aspects in the whole situation because prices determine farmers' income on the one hand and consumers' food costs on the other. Various organized groups have exerted pressure against limitation on prices or wages. This has been true of both organized agriculture and organized labor, and, in a less conspicuous but by no means less real manner, of organized business. The question of farm prices has centered around "parity," which is the Congressional definition of a "fair price."

It is well known that prices of farm products are flexible, falling as a group in depressions and rising in prosperity. High farm prices have been a normal characteristic of wartime. Since farmers must accept low prices in depression, it is natural that they and their organizations resist efforts to limit those prices in wartime. On the other hand, farmers individually recognize the dangers of inflation. Likewise, it is not difficult to see why consumers resist increases in their living costs.

Prices should be high enough to get needed production. If production declines, it makes serious inflation more likely—controls or no controls—than if production is maintained. On this score, farmers' reactions indicate that prices are high enough to get such increased production of Midwestern crops insofar as limitations of labor permit, with the exception of highly finished beef. The difficulty in milk and vegetable production seems to be due more to labor shortages than to price relationships. For corn, hogs, poultry and eggs, production trends are upward.

<sup>4</sup> Such liquidation began in the early summer of 1943. Many areas became short of feed and began to liquidate their grain-eating animals, i.e., hogs. The liquidation of grain-fed cattle noted above reflects unfavorable price ratios rather than actual shortage of feed. Apparently the expansion in hog production will definitely end in 1943.

The most serious problem in the present price situation in the Midwest is that of the previously discussed low prices on corn and protein feeds in relation to their value in use. These prices are not too low to get production, but they are too low to prevent these feeds from being used up rapidly and leaving us without reserves when the weather turns unfavorable. In the spring of 1941, the Secretary of Agriculture said that the price of feed would be held down to stimulate livestock production. In general, this policy has been continued. During the first year, it was not an unsound policy because we definitely needed to expand livestock output. But as livestock numbers have been built up, it has become increasingly unsound. Once the price of hogs was allowed to go above \$13 to \$14 per 100 pounds, it became essential that corn sell above a dollar in order to maintain a balance between supplies of hogs and of feed and between supplies of hogs and of dairy and poultry products. Currently, 100 pounds of hogs at the basic market in Chicago is worth 15.5 times the price of a bushel of corn. A ratio above 13 to 14 would cause an expansion in hog production. The most serious error in agricultural policy was in allowing hogs to go so high in price.<sup>5</sup>

The price of live animals is held up by the enormous demand for meat, a demand so great that rationing was found to be necessary. Even though live animal prices appear high in relation to ceiling prices on meats, the packers continue to buy them. They must handle livestock or go out of business. Moreover, they apparently have found ways to increase returns: less trimming away of the cheaper parts, and liberal

<sup>5</sup> This error has been recognized. By the middle of June, hog prices at Chicago were brought down to the \$14 per 100 pounds level under the weight of somewhat heavier marketings and the threat of maximum ceiling prices on live hogs, which all interests apparently took seriously. At this time the nominal price of corn at Chicago was \$1.07 per bushel for No. 2 yellow corn. This made the ratio a little less than 14—still a profitable level. But back in many producing regions, the level of prices at which farmers could buy corn was above this. This made the feeding ratio less favorable than it appeared to be, based on Chicago prices. This ratio became sufficiently unfavorable in some marginal hog producing areas that, together with actual shortages of corn, it caused a definite check to expansion in hog production and some liquidation began.

production of ground meat products into which cheaper materials can be combined, are two devices obvious to anyone who goes into a retail market. Also, in a sellers' market, selling costs can be curtailed. By-products are also higher in price. In any event, livestock prices are high, and feed is relatively cheap.

All of this probably makes an increase in feed costs inevitable, even though it is delayed by OPA regulations, continued sales of government-owned wheat, and subsidy of soy-bean meal processors. An increase in feed prices does not necessarily mean an increase in consumer prices of animal products, which are already high.

## IX

A HIGH LEVEL OF RETURNS to Midwestern farmers during the war-time period is inevitable. They are producing vitally needed products, the demand for which is intense.

This raises a question as to the use of income. Debts are being rapidly reduced. Bonds are being bought. Such improvements as are possible are being made; for example, a great deal of drainage work is being done. This involves chiefly the use of existing equipment and clay tiles, which do not compete with production of military goods.

But money accumulates. Out of this situation a land boom could easily emerge. The floating supply of land is largely cleaned up. Holders are setting higher reservation prices. Land values are stiffening. All signs now point to a considerable appreciation in the price of land.

Thus far, few signs of speculative purchases with small equities are visible. So far as post-war agriculture is concerned, preventing a speculative boom which would load down working farmers with a huge burden of debt in the post-war period is most important. But the longer the war lasts, the more difficult it will be to prevent such a speculative

boom from developing. Furthermore, if good prices continue for a period after the war when large numbers of young men will be returning from the Army, the prevention of a land boom will be even more difficult.

## Planning for Victory on the Food Front

By T. SWANN HARDING

### I

A VERY POPULAR INDOOR SPORT these days is cussing out some Government agency for bungling, and that some of them have indeed bungled no one can deny. We find ourselves asking why hasn't this or that agency planned or operated intelligently? But we are on the outside looking in. Rarely do we know the complexities of the situation that the agency in question had faced.

Civilians repine that they can no longer get good food but console themselves that at least the armed forces are well fed. And then some returned soldier complains that the food he gets is terrible. Hence they ask where then, does all the good food go? Every now and then they gather round and abuse the Office of Price Administration, the Department of Agriculture, or Lend-Lease for bungling on the food front.

That is not unnatural. Today agriculture faces the greatest crisis in its history. Some extremely intelligent people ask why farmers do not just go resolutely ahead, raise twice as much in 1943 as they did in 1942 and end the food shortages and rationing. Why preach decreased consumption when we could so readily increase production? But could we? It would take a deal of planning.

The question is a natural one. We all feel that we individually are fairly intelligent people and that we plan what we have to plan with a considerable degree of competence. Actually we seldom do plan well and our best laid plans frequently go awry. But whatever we do in our personal lives, it seems apparent to us that huge industrial enterprises and private enterprise generally plan far better than Government.

For instance an automobile factory is a bewilderingly complex place to the uninitiated. Extremely intricate operations are carried on there smoothly and efficiently. Nevertheless when a huge plant wants to change models fundamentally it has to shut down production for a year, even if that entirely disrupts a community, undertake retooling, and then take months to get back to smoothly functioning large-scale production.

In short, the enterprise plans well only for itself and at the expense of the community. Moreover, this is limited planning. Each concern is in business for itself to make profit. It does not have to think broadly of the social and economic consequences of its actions. These it can largely ignore. If retooling does throw tens of thousands of skilled men out of work, the concern's plan does not have to include their welfare. It depends upon the community, upon private or public charity, to maintain its labor pool for it.

Furthermore, its own plans do not have to be integrated closely with those of other concerns in similar, much less dissimilar, lines, for an entire industry is never viewed nationally as an organic whole during peace. Consequently we do not during peace even develop the type of management and administrative specialist who can plan nationally, much less globally. In war, however, such persons of limited range are suddenly compelled to operate on a vastly larger scale. Naturally they bungle some.

What is more, peace-time organization and planning deal primarily with static situations. It did take highly intelligent planning and close co-operation to build the two-mile stretch constituting the Sixth Avenue extension of New York's Independent Subway System. Yet this was done on schedule without disrupting the city's life and while maintaining uninterrupted service on the elevated line immediately overhead.

Appalling obstacles—conduits, water mains, an aqueduct, tangled mazes of wires, several railroad and subway tunnels, and the foundations of many large buildings were all circumvented successfully. Knotty engineering problems were solved with precision and without public inconvenience. The tops and bottoms were shaved off existing subway and railway tunnels to permit the new subway to sneak through.

The Thirty-Third Street terminus of the Hudson and Manhattan Tubes was elevated six feet and a temporary station was built at Twenty-Eighth Street. The subway changed grade to duck under or over other obstacles as required. Yet power and transportation facilities were maintained undisturbed. That took organization and planning of a high order, but on a limited scale.

The situation was relatively static, not dynamic. The entire nature of the problem did not change over night. The flow of material required was steady and the labor needed was at all times accessible. Plans made sometime in advance could be carried out as intended. No other agency suddenly requisitioned a large part of the steel or cement needed, or drafted the labor, or enticed it into more profitable and more essential industries on large scale.

The project followed a quite definite pattern. Those who planned knew in advance what was to be done and what obstacles would be met. They knew the equipment, materials, and labor would be provided, so they went ahead and did their task.

## II

BUT EVEN UNDER STATIC conditions any major interruption of the pattern of procedure, say in this instance a major cave-in or a flood, produces an emergency situation. A minor wreck on a railroad or a streetcar line thus breaks the pattern, producing an emergency situation that is seldom

dealt with so competently as the regular dispatch of trains or cars on schedule. Even though such accidents are anticipated and there is a mechanism to deal with them, some confusion usually results. Whether it be a bus line, a restaurant, a department store, an express company, or a government department, plans for dealing with emergencies are seldom fully adequate.

This is still more true when the emergency is of a shifting, changing kind. The total war situation is one of continual emergency in which numberless factors constantly fluctuate. Day to day, even hour to hour, new situations arise and new problems clamor for solution. But in planning to deal with any of these it must always be remembered that a change made anywhere in the complex of forces will require or produce other and often totally unexpected changes elsewhere.

Hence planning takes place now in an intricate, mobile situation quite unlike any that faced us at peace. The surprise is not that we have done so poorly but that we have done so well. For little or nothing in our previous experience equipped us to deal with a situation so complicated and so stupendous. This applies to food, too. For during peacetime the food industry is never operated as it soon will be for the functional purpose of providing food to all.

That would have meant an initial assay of the nutritive needs of our entire population, taking into account sex, age, physical activity, and so on, followed by a scientific estimate of our facilities for producing this food, and of the kinds and quantities of different commodities required by the nutritive goal established. Thereafter agriculture and the food industry would work in close integration with one another to produce, process, transport, and distribute the food required by the entire nation.

Everyone knows that we did no such thing as this before the war because food was produced at a price for profit and

not functionally to supply ascertainable needs. But in total war we do have to undertake this job in a situation where the armed forces, industry, agriculture, and civilians compete with one another for allocations of critical materials and manpower. Unaccustomed as we were to plan on a national scale, we naturally lacked trained administrative personnel to undertake the job. We had to improvise and learn how as we went along.

In the Department of Agriculture, fortunately, we did have a professionally staffed institution that had planned for some years while visualizing the agricultural industry as a national unit. It did its part well for that reason. It surveyed the probable nutritive needs of the armed forces, our probable lend-lease requirements for food, and the demands of civilians, and planned farm production goals accordingly. That was in the summer and fall of 1941.

But our own entry into the war and the changed situation in the Pacific rendered these plans obsolete before they could be executed. A hasty re-survey had to be undertaken and new plans made in the light of new expeditionary forces, new demands by the United Nations, increased civilian demand, and the loss of certain imports from across the Pacific. Even that job was undertaken and performed and on January 16, 1942, the results were announced.

But that did not solve the problem by any means, for the situation was dynamic, not static. American farmers did produce 28 percent more in 1942 than they did in 1941, 13 percent more food crops, and that was remarkable, but our own civilians faced the fact that their diet the forthcoming year would be set back to the relatively inadequate standards of 1936. For demands of the armed forces, the United States, and our own employed civilians seemed to know no bounds. Every time a plan was made a new demand appeared.

Difficulty and confusion could not possibly be avoided. Thus it seemed wise initially to send Britain evaporated milk as that conserved shipping space, so the industry was pressed to produce this in huge quantities and it responded nobly. Very soon, however, it appeared that dried skim or whole milk would conserve much more shipping space, so the industry was changed over to produce that and evaporated milk meanwhile piled up at a terrific rate.

The industry made the change and the dried milk was forthcoming. Later there was use for all the evaporated milk, too. To effect these results, and also to get the cheese the British needed, the Department of Agriculture had to vary its price support program in the dairy field to give incentive for the production of the commodities desired. This took a tremendous lot of planning and integration. But the job was done.

Cheese plants and also dried-egg plants encountered difficulty in making high-quality products in the quantities desired. Hence Government scientists were sent to their rescue and their assistance proved effective. Then the shipping situation tightened and cheese began piling up. It even became a Victory Food Special in September, 1942. Next the meat situation changed due to heavy drafts upon the supply, cheese was adopted as a substitute, next it was bought heavily by the armed forces, and now it is in short supply and is rationed.

### III

ONE CAN LOOK in his newspaper almost any day and see what is behind the apparent bungling of those who are trying to manage our food supply on a national scale. Last June a WPB order directed that specified and large percentages of the entire pack of twenty-four canned fruits and vegetables be held for the armed forces and Lend-Lease shipment. In

1943, military and Lend-Lease purchases are taking 25 percent or more of our food production compared with only 13 percent in 1942 and 4 percent in 1941.

In November, 1942, the WPB ordered that 6,300,000 cases of grapefruit segments, grapefruit juice, orange juice, and blended orange and grapefruit juices be held. Specifically, that meant holding 19 percent of the canned grapefruit segments, 21 percent of the orange juice, 48 percent of the grapefruit juice, and 100 percent of the blended juices off the market.

About the same time, the WPB froze 50 percent of the butter stocks in 35 principal markets. Pressure rose on margarine. Stores cut their butter sales as they began to get only 40 percent of their normal supply. The cream deficit was worse. Many stores also lacked supplies of bacon, lard, chocolate, cocoa, cooking oils, and shortening.

The public never knows, specifically, what causes these actions but they are reflected in heavy drains upon supplies civilian consumers are more able and willing to purchase than they have been for years. Under the meat conservation program the consumer volunteered to hold himself to  $2\frac{1}{2}$  pounds of the red meats per person per week. But under rationing he is lucky to get  $1\frac{1}{2}$  pounds, very lucky to get 2 pounds, bone and all.

But, some good folk say, why give up and resort to rationing? Why not produce twice as much food in 1943 and quit discouraging consumption?

In the first place, rationing neither causes shortages nor cuts consumption. The demands of the armed forces and for Lend-Lease shipment are removed from our food supply before civilians even get a chance at it. Rationing is simply an equitable, democratic device for dividing up what is allocated to civilians on a basis of their actual needs.

To double agricultural production next year is all but impossible. For one thing large-scale and mechanized farming draws upon precisely the same pool of labor and critical materials as do the armed forces and war industries. About 1,600,000 trained workers left the farms by the middle of 1942, and, if present trend were permitted to continue, another million would go between July 1, 1942, and July 1, 1943, or 1,300,000 before the 1943 harvest is in.

At the same time, the farm production needed in 1943 requires 200,000 more workers than were available in 1942. This means we shall have had to recruit 1½ million farm workers to meet 1943 production demands which would bring an output only about as large as that of 1942. Meanwhile the WPB signed a limitation order for the year beginning November 1, 1942, providing for manufacture of farm machinery at only 20 percent of the 1940–41 level—and dealers have no large inventories now, either, though this was later raised to 40 percent. But that will not help this crop season. Finally, nitrogen fertilizer is scarce.

That is the situation, except for the use we might make of several hundred thousand farmers tied to poor land and inadequate equipment by poverty. The Farm Security Administration has been rehabilitating as many of these unfortunates as it could in recent years, and has been roundly attacked for doing so. How much further it can hope to go in its constructive work is a question in that its appropriations and staff have been reduced.

But about two million farms reporting to the 1940 Census had gross incomes of less than \$400 and sent, on the average, only \$100 worth of products to market. This third of our farms produced only about 3 percent of our marketed crops. There are also many underemployed operators in the middle two million of our farmers who reported gross cash incomes between \$400 and \$1,000, but contributed only 13 percent

of the marketed crops. The top third of our farmers produced the other 84 percent of our marketed crops.

#### IV

HERE IS A LABOR SLACK that could be taken up to great advantage but the Farm Security Administration has hoed a hard row whenever it attempted to rehabilitate such disadvantaged farmers and to make them over into self-sufficient productive units contributing commodities to market in quantity. It is now engaged in an experimental program along with the United States Employment Service, which is concerned with recruiting, transporting, training, and placing year-round farm workers.

First of all, the men recruited are trained at State universities to become dairy hands, the labor situation being most acute in dairying. They are then put on farms to replace workers who have gone to war industries or into military service. In the main these people come from tracts of land so small and inadequately equipped that they have been unable to make full, efficient use of their time and abilities. They have been tied to such land because there was no place else for them to go.

Now, since we admit that it is important to feed everyone at war, there is incentive to place them elsewhere. But at the beginning of 1943 the program involved only 300 farmers from submarginal farm areas in Kentucky and from a cut-over county in northern Wisconsin. It was recognized that much more needed to be done; this can be seen by contemplating the figures above on farm production at low income levels.

Rehabilitation of these people is urgently important. Their work can be made really productive. It can help greatly in avoidance of a cabbage and potato diet, or what would be regarded as its American equivalent. Insofar as

it can, the Farm Security Administration will make operating loans and otherwise assist farmers who lease or purchase workable farms in areas where labor is recruited.

It will also pay for the necessary transportation of workers and their subsistence en route. It will transport untrained workers to training centers and provide them subsistence and housing while there. It will assist farm families to become adjusted to new communities.

Written agreements between employers and workers will provide for a working period of at least three months. Each employer will pay the Government \$10 for each worker supplied to him as his contribution. The Farm Security Administration will approve the housing offered by employers to ensure satisfactory living conditions for families to be moved.

V

OBVIOUSLY THIS SHOULD NOT be just a wartime program. It is sound, scientific, and morally imperative at any time. Extension of this program would have vast permanent worth, for it would gradually get hundreds of thousands of nonproductive, half-starved farmers off poor land and would transform them into efficient producers at far better incomes on good land. They might better work for hire at decent wages than struggle hopelessly on where they are. Such programs can give the word democracy both meaning and reality.

This program, small as it is, affords just one example of the extremely complex and large-scale projects that must be undertaken right in the midst of war if we are to cope with the problems to which war gives rise. Naturally it is difficult to do these things under war-time conditions. Many of them should have been done long ago during peace. Now due consideration must be given to many important factors

which compete for labor, services, and materials, as well as to the prejudices of many who dislike socially constructive actions at any time.

It is easy enough to criticize adversely. But we too often forget that our Government is just us in another guise. It can do no more and be no better than we permit. It can be no wiser than the run of us, for ordinary human beings become its officials. They then attempt to cope with the intricacies of complex total war situations, and they sometimes lack vision and sagacity, like so many of us. We must remember that global planning is being undertaken before planning on a national basis has really been tried in this country.

All our war-time problems will not be solved. They cannot possibly all be solved. The full solution of any one problem means neglect of certain others. If farmers, civilian workers in war industries, industrial management, Government agencies, and the armed forces all want the same manpower and materials, someone must go unsatisfied. All we can seek is such adjustment and such correlation between conflicting factions as will enable us to win the war.

## The Campaign to Justify Monopoly Profit

ECONOMIC THEORIES die a lingering death. The notorious "law" of previous accumulation was revived recently by Mr. Fred F. Kent in *The Readers Digest* for an article, "What is Profit," in which Mr. Kent explains to his grandson how capital interest came into being.

Mr. Kent tells of a small tribe of one hundred free and equal persons. The tribe lives in a waterless plain at the foot of a hill on the top of which there is a strong spring. Each family spends 60 minutes daily to secure the water it needs. Among them is a technical wizard, who invents one labor-saving device after another. The first was a trough dug in the flank of the hill, and a tank for storing the water below. The wizard offers his fellows the required water from his tank, if each one pays him with 10 minutes of work daily, saving fifty minutes for himself. They are glad to accept. Henceforward the wizard, for all eternity, enjoys 990 minutes' work due to him as "profit" for his "capital." Each new invention increases his capital and his profit. Finally the whole tribe is working for this genius, whose wealth is the just and fair reward for his superior talent.

The economist, of course, when he reads this little fable, immediately asks the obvious question: why did not one or two, or more of the others, attracted by the gain, dig similar troughs and proceed to bring the price down by competition among themselves for the business? What prevented them? Mr. Kent's case is one of monopoly gain, not entrepreneurial profit. Or if one or two others did dig troughs, and then agreed among themselves to maintain the price, would Mr. Kent sanctify their incomes?

Those who read as they run, however, are not usually economists. It is no exaggeration to say that the economic fallacy involved here is the very foundation of the pseudo-liberalism that is the chief obstacle to the perfection of the present-day democracies and which is guilty, on that account, of having produced totalitarianism. Fascism and Communism are but the logical inference drawn from the premise which this "law" supplied, that free competition will inevitably bring about monopoly capitalism with all its collateral conditions, crises, mass-unemployment, imperialism, wars for the world market and resources, and so on.

There is no task more urgent in our generation than that of spreading the knowledge that really free competition, not its historical travesty, does not lead to monopoly gains and monopoly capitalism, and that, therefore, the central assumption of totalitarianism has not the slightest foundation in science.

FRANZ OPPENHEIMER

# The New Collectivist Propaganda

By GLENN E. HOOVER

DURING THE DEPRESSION, the socialist program was presented to us in the attractive guise of "economic planning" and many converts were made among those who had neither the time nor the stomach for dialectical materialism and would have associated the patronymic "Marx" with the Christian name of Harpo. For a public as functionally illiterate as our own, scientific socialism must be watered down to a few slogans. Planning might have been even more seductive, during those troubled times, if so many Americans had not been able to look out their windows and watch the men at work on the WPA projects. They were chastened by the thought that central, governmental planning, mixed with the American brand of politics, would put some simulacrum of Harry Hopkins at the economic controls, and even at the depth of the depression they were hardly ready for that.

The popular resistance to socialism, when presented to our people in its pure state, under a clear and simple label, has made it necessary for its advocates to resort, more or less unconsciously, to a whole series of linguistic frauds. Timid churchmen who associated Communism with the Antichrist were urged to work for a society in which the "profit motive" would be eliminated. Unionists, presumably less concerned with motives than with power, were urged to demand "economic democracy," perhaps the fuzziest slogan in the history of a rather fuzzy science. And finally the general public was warned that political democracy could be preserved only if "economic power" were distributed among us, presumably in equal doses.

Now that the depression's unemployed, through the alchemy of the defense industries, have become our newly rich,

collectivism must be presented as something more than a cure for unemployment. Hence it is presented in this present period as the prerequisite for winning the war, or as the sole means of avoiding a post-war Fascist régime which our business leaders are plotting to foist upon us. One or more of these theses is elaborated in almost every issue of our "frontier" periodicals. A summary of many of these arguments can be found in an article by Professor Robert S. Lynd which appeared in *The New Republic*, Nov. 9, 1942, under the title, "The Structure of Power." In that article the reader may also observe the peculiar literary style now affected by the collectivist literati, who have developed a jargon as unique as the patois of the pedagogues. It is guaranteed to impress or infuriate, at five hundred paces.

#### **The Nature of Economic Power**

THE CONCEPT OF ECONOMIC POWER needs careful analysis. The control of masters over their slaves is perhaps the oldest and most widespread form of economic power. For one man to compel another to work for him is to exercise power in its most naked form, a form so ugly that it is now banned throughout the civilized world. Those who must seek employment from others have been called "wage slaves" by certain humorless socialists, but the modern labor market differs so much from the old slave market that attempts to identify them have proved ludicrous. Among thinking men the term "wage slave" is a Marxian cliché used only in jest.

It is true that, whether slave or free, we must work if we would live honorably, but in this we are subject to an inexorable law of nature and not to the dominion of our fellows. It is also true that those who work for others must do so on terms that are agreeable to their employer as well as to themselves. If in so doing they become the employer's slave, by the same logic the employer, who can secure employees only

by granting their minimum conditions, is equally the slave of his employees. Thus the rhetoric dealing with "wage slavery" contributes absolutely nothing to any serious consideration of economic power.

Collectivists usually argue that economic power in its most virulent form can be seen in the control which industrial corporations exercise over their workers. Since the corporate form of organization is more widely used in the United States than in any other country, and no other country rivals ours in the size of its industrial giants, the logic of their argument would suggest that American corporations exercise their power to reduce the wages of our workers to the lower limits of subsistence. The truth is, of course, that both money wages and real wages in the United States are higher than in any other country. Something is apparently wrong—not with the wages of the American workman, but with the logic of those who argue that rich and powerful corporations make for a depressed and poorly-paid proletariat. The theory just doesn't fit the facts. However, theories not based on facts have a life of their own, completely divorced from reality, and, diligently propagated, live on forever.

Certain business firms undoubtedly try to use their power to eliminate rival concerns. Some of the methods employed to that end have already been outlawed and perhaps there are others which should be proscribed. In any event, the fact that certain business concerns are at war with each other does not fit readily into another collectivist theory, according to which monopoly has been "synchronized" and developed into a "centrally-organized system of power," in the language of Professor Lynd. The average American who builds a house and must listen to a series of salesmen, one of whom wants him to heat with gas, another electricity, another coal, and another oil may properly suspect that the "organized system of power" is a figment of somebody's imagination.

But imagined ogres live much longer than real ones, and for the "centrally organized system of power," we may predict a particularly long life.

The claim that our industrial corporations are exercising increased power over our government will elicit amazement and wrath in all the exclusive clubs. Whatever defects these gentlemen have, they do not practice self-deception. They know perfectly well that never in the history of this country have they had less influence in Washington than since 1932, and they are not too certain that their influence there will increase appreciably in the foreseeable future. They undoubtedly have hopes, but the more clear-headed of them must doubt if their influence at Washington will ever be as great as it was during the administration of General Grant, or McKinley, or the Harding-Coolidge-Hoover era. The American industrialists would gladly swap political power with organized labor, or the veterans, or even the silver producers, and as for the Farm Bloc,—the very thought of its political power must turn them green with envy.

#### **The New Collectivism**

SOME MAY DOUBT if the term "collectivist" is applicable to those who hold the views expressed in Professor Lynd's article referred to above. There is, it must be admitted, some difficulty in determining just what their constructive proposals are, because they intuitively avoid such terms as "communism," "socialism" and "collectivism." Their approach is oblique and their language is often vague to the point of obscurity. They would hesitate to urge "public ownership and control of the means of production,"—a phrase in which the socialists for so long have clearly summarized their proposal. Instead they assure us that we "have no choice as to whether economic and state power shall be merged." To me, at least, such a "merger" means socialism or it means nothing,

and by telling us we have no choice in the matter they introduce the Marxian concept of inevitability without frightening their readers by the use of that old gentleman's provocative name. Thus two birds are killed with one circumlocution!

They further identify their program with that of the socialists by joining with them in their acceptance of monopoly. Professor Lynd puts it as follows:

Both bigness and monopoly are normal antecedents to the stage of planned provision for the needs of society which we are now entering, and there is no longer any point in attacking either.

Since he favors monopoly it is not surprising that he approves of trade unions, which are essentially devices with which their members seek to obtain a monopoly price for their labor. As to the organization of labor, he even urges "moving forward to its thorough-going democratic extension,"—whatever that means. He undoubtedly shares the views of the leaders of the A. F. of L., the C. I. O. and the National Association of Manufacturers with respect to the activities of Thurman Arnold. It is quite logical that these monopolists should make common cause when so many of them have felt on their necks the hot breath of the Department of Justice, but to see, working together, the leaders on *both* sides of the "class struggle," has added some comic relief to the current scene.

It is passing strange that those who are so disturbed by the power exercised by our corporations should wish to see their separate powers rolled into one and combined with the traditional powers of the political state. Then indeed would the individual man be confronted with something for which only the Old Testament names of Behemoth or Leviathan seem appropriate. Those who now complain of the inquisitorial practices of government agencies, of employer's black-lists, of the interlocking directorate device for the co-ordination of corporate policy, of the limited choices in "company towns"

may be comforted if told, in the American vernacular, that they "ain't seen nothin' yet." If the heralds of the *New Republic* have their way, the entire United States will be transformed into a "company town," with one centralized power to tax us, ration us, classify us, tell us what we can eat, wear, where we can live, where we shall work, for what hours and for what wages.

And why will such a concentration come about? Professor Lynd gives the answer:

The sheer fact of the emergence of effectively planned nations has, because of the logic of organization inherent in modern technology, outmoded the old system under which all our American national life has been lived.

Most readers will be curious to know the names of the "effectively planned nations" whose "emergence" has outmoded our American national life. That would make possible some definite and realistic comparisons which could bring the argument down from the Olympian heights where all is wrapped in verbal mist and *New Republic* rhetoric. Having been reared in the spirit of Christian charity, I can wish the prophets of their New Order no greater mishap than to be forced to explain to some husky truck-driver just how "the logic of organization inherent in modern technology" has "outmoded" the life to which he has been accustomed.

Perhaps the Soviet Union is not considered one of the "effectively planned" nations, but it is certainly the one in which planning is most complete, the one in which political power and economic power have been most completely merged. The outside world has built up considerable information with respect to the rôle of power in that sorely tried country, and much of it is not pleasant to read. The effect which the merging of all kinds of power has on the national psychology was neatly summed up by Eugene Lyons, who observed the process long and closely. He said:

Where there is only one employer, namely, the state, meekness is the first law of economic survival.

To this it may be added, that if the merging of power here followed somewhat the same course as in Russia, critical periodicals of the *New Republic* type would be the first to disappear.

#### **Democratic Controls Under Socialism**

TO THIS IT WILL BE SAID that we should merge all powers and yet retain our democratic rights. The advocates of the consolidation of power realize that consolidation may as well lead to Fascism and slavery as to the Promised Land. Nor are all of them too keen about the position of the individual man in the Soviet Union, although the Soviet's gallant resistance to the Hitlerite invasion has made it rather bad form to discuss the status of power and freedom in the U.S.S.R. Our advocates of collectivism spend too little time in showing the results of their program in other lands. They prefer to picture the happy results that might be obtained from the merging of power here, where, presumably, it would be placed in the unwilling hands of wise, kindly and unambitious men.

This, of course, is mere Utopia-mongering and shows a reluctance to face the facts of American political life. By pursuing this course our advocates of collectivism can spend half their time damning those who hold political power and the other half urging that economic power should be transferred to the state. Of course, they do not want it put into the hands of the present elected officials, but into the pure and reluctant hands of those political White Knights who are kept, conveniently, off-stage, and will appear only when the State takes over our basic industries and thus solves the "internal contradictions" of our society. The sad fact is that these White Knights have the same kind of reality as Santa Claus. The myth of their existence enables the advocates of collectivism to prolong their play forever. If this myth were dispelled, the curtain would be rung down.

We are told that we need not fear the concentration of political and economic power, provided "democratic controls" are established and maintained. But what are these controls and how would they operate? For example, let us assume that our government ends its "conflict" with the United States Steel Corporation, by taking over the properties of the latter. Some of the staff then propose the erection of a new plant in the Northwest, a project which others believe would be ill-advised. We are entitled to know how that question could be settled "democratically."

We doubt if even the most uncompromising advocate of "industrial democracy" would wish such decisions to be made by a vote of the government employees engaged in producing iron and steel. Most American workers have too great a sense of humor to permit them to believe that they are qualified to make such decisions. They may want to participate in decisions on hours, wages and certain working conditions, but they have never shown any desire to usurp the functions of the "boss." Nor is there anyone, I suppose, outside of an institution, who would like to see such decisions made by the Congress or any of the committees thereof.

We are left, then, with the sole alternative of decisions made by some governmental executive, responsible either directly or indirectly to the President. The popular will, or the will of the workers will control him only so far as they can be expressed at the polls. But the outcome of federal elections is the result of so many factors, and so many issues are involved, that even after the votes are counted the "will" of the people on any particular issue is still a matter of conjecture. An immeasurable and inconclusive influence on the outcome of federal elections is all that is possible by way of democratic control of entrepreneurial decisions. On analysis, the proposal to merge economic and political power offers nothing to the common man which evokes his enthusiasm, and the

frontier thinkers must continue to bemoan his "lethargy" and "ideological confusion."

Walter Lippmann and other scholars have frequently reminded us that the very nature of the decisions which must be made, both by governments and by business, put them beyond the democratic process. A democratic society is not one in which the people rule, but rather one in which the people select their rulers. If this were well understood, with all its implications, there would be less talk of "economic democracy," and less confidence in the democratic checks which allegedly could be tacked on to a monolithic State. Inasmuch as the frontier thinkers agree that, in the absence of these checks, the merging of powers would but result in Fascism, we should insist that they show us what the "democratic" checks are, and just how they would function.

#### The Changing Nature Under Politics

PROFESSOR LYND IS OF THOSE who contend that "politics is but the science of 'who gets what, when, and how.'" Controversies which have been traditionally described as political, are, according to the new enlightenment, merely struggles for an increased share of economic goods and services. The advocates of this theory could provide the American public with considerable amusement if they would use the theory to explain our recent disagreements over such questions as isolation, prohibition, woman's suffrage, or the legalization of birth-control in Massachusetts. But they will probably leave this task to the less respectable and more fanatical Marxians, whose lack of a sense of humor often makes them very funny.

This new theory of politics, however, must not be dismissed lightly because it is pressed to ridiculous extremes. It will explain an increasingly large percentage of our political controversies, but it will do so because we have already adopted, quite unconsciously, a new theory of the rôle of the State.

The State is no longer the "policeman" who protects life and property, resists invasion, administers justice, promotes public health and provides schools and highways. The State has shed its policeman's uniform and has become a Santa Claus, dispensing largess, in the form of cash, services or power, to farmers, workers, veterans, and tariff beneficiaries.

The State, which came into existence to perform certain limited but generally accepted functions, which stood as a symbol of the unity of its citizens, is becoming an instrument for the redistribution of wealth and income. No method could be better devised for destroying the cement which holds our society together and making of our people a congeries of pressure groups engaged in mutual recrimination and conflict. To me it is not a pleasing picture, but some may enjoy the resultant struggles which will develop at the polls and perhaps culminate at the barricades.

#### Collectivist Propaganda and the War

IF THE LEFTIST LITERATI under discussion spoke or wrote with the clearness and simplicity of which the English language is capable, they might reach enough people to hamper the war effort. So far as war aims are concerned, we are warned that we "are rendered gullible by our traditions," that "the management of the present war has been taken over by representatives of big business," and that meanwhile, "the lawyers . . . , the public-relations men, the press and all the other pliant agents of organized business go busily about on cat feet as they spread the net and tighten the noose . . . etc." There are probably few readers of *The New Republic* on Guadalcanal, but if there were, such reports might take their minds from their present troubles.

The frontier thinkers are not lacking in assurance. Regarding the essential shape of things to come, they seldom argue with us but are content to draw the veil and let us see

our future, which to them is easily predictable, presumably because it is largely beyond control. Here is an example:

We shall emerge from this war well on our way to having a permanently planned and managed economy; and if business controls the goals of that planning, that will mean management also of all relevant social and cultural life.

The conclusion is, gentle reader, do not resist a "permanently planned and managed economy" for that is to come, like the stars in their courses, and we have but to accept it with what grace we can muster. Our only choice is to have that economy controlled by "business" or the "people," presumably, alas, the same "people" who refuse, in such large numbers, to read *The New Republic* and read instead some astrological reviews. As one who has always preferred *The New Republic*, I must admit that perhaps as clear and certain a picture of the future may be obtained from one as the other. On this point humility must be the order of the day.

## Post-War Prospect for Liberal Education

THERE ARE THOSE who say that liberal education, as we have known it in America, is declining toward extinction. In the vast enterprise of war we have found no obvious use for the liberally educated except in the services of public information and propaganda. After the war is over there will be powerful forces drawing young people away from the liberal studies. But there will be other powerful forces operating in the opposite direction.

The vindication of democracy by victory will raise a vast number of questions as to the meaning of democracy, of the conditions economic and psychological and spiritual under which democracy can thrive. More and more, we shall be forced to think about the meaning of life, of the values we live by. The new place of America in the world as a whole, the awakened interest in other peoples, other cultures must inevitably draw the minds of men away from the mere practicalities of living.

We stand at the threshold of an intellectual and moral renaissance. Much as some of us might prefer the mental ease of provincialism, isolationism, we shall not be able to escape the impact of world forces. A new scheme of civilization is forming, quite as strange to us, quite as exacting in the requirements it imposes on the individual, as the new technology.

Shall we find that we can adapt ourselves to this new order of civilization without liberal education? As little as we can adapt ourselves to the new technology without adequate training. A liberal education will preserve our souls against the confusion, the negativism that harrass the untrained in the face of revolutionary changes.

Liberal education we must have. It cannot be simply a restoration of the so-called liberal education of pre-war times, too often merely the continuance of traditional ideas, traditional methods. The educator will need to rethink his whole system of educational values. He will need to fix his mind upon the definite goal of producing a liberally educated man, a civilized man who has resources enough within himself to meet bravely the changes that crowd in upon a dynamic world.

ALVIN JOHNSON

# The Return to Mysticism

By FRANCIS NEILSON

THERE IS A FERMENT in the minds of some British people that indicates to me the possibility of a great change in the economic and political systems of western civilization. It would be scarcely worth heeding if it were not for the caliber of several of the men who have contributed books and articles dealing with this strange, eventful idea. For us, deeply immersed in the turmoil of war effort, it seems absurd—nay ridiculous—to think of writers in England advocating a return to mysticism as the only hope for man after the war.

However, it is a tendency of great significance because it comes without organization. It springs simultaneously from the minds of different individuals, who do not seem to be associated in any way in the promulgation of their ideas. Moreover, it foreshadows a complete change of mind as to the future of the State and the social concepts that have dominated the purposes of our administrators for many generations.

The first work containing a message of startling importance, that came to my notice, was "Grey Eminence," written by Aldous Huxley.<sup>1</sup> In it the biographer presents Father Joseph, the Capuchin monk who was Richelieu's secretary. The narrative of the religious and political life of this extraordinary friar is told so vividly and with such depth and force that it reads like a fascinating drama, gripping and elevating, notwithstanding its unreality. The story is a revelation of mystical power and stands alone as an exposition of the impossibility of combining in one person the ideals of the *religieux* with those of the statesman.

Huxley says:

<sup>1</sup> Chatto and Windus, London, 1941; American ed., Harper & Bros., 1941.

. . . Thanks to a certain kind of intellectual "progress," the rulers of the modern world no longer believe that they will be tortured everlastinglly, if they are wicked. The eschatological sanction, which was one of the principal weapons in the hands of the prophets of past times, has disappeared. This would not matter, if moral had kept pace with intellectual "progress." But it has not. Twentieth-century rulers behave just as vilely and ruthlessly as did rulers in the seventeenth or any other century. But unlike their predecessors, they do not lie awake at nights wondering whether they are damned. . . .<sup>2</sup>

It is strange that we have no single work which describes particularly the amazing revolutions that took place in the thought and conduct of the men who for three hundred years (from the middle of the twelfth century until the close of the fourteenth) sought the monastic life in preference to that of the politician and the soldier. In that period is to be found a remarkable story, and interest in it should be revived now because we are passing through a period far worse than that which drove men to the cell.

Further on, Huxley tells us that "by the end of the seventeenth century, mysticism has lost its old significance in Christianity and is more than half dead."

Then he puts these startling questions with a reply that will be a revelation to many:

"Well, what of it?" it may be asked. "Why shouldn't it die? What use is it when it's alive?"

The answer to these questions is that where there is no vision, the people perish; and that, if those who are the salt of the earth lose their savour, there is nothing to keep that earth disinfected, nothing to prevent it from falling into complete decay. The mystics are channels through which a little knowledge of reality filters down into our human universe of ignorance and illusion. A totally unmystical world would be a world totally blind and insane. From the beginnings of the eighteenth century onwards, the sources of mystical knowledge have been steadily diminishing in number, all over the planet. We are dangerously far advanced into the darkness. . . .<sup>3</sup>

<sup>2</sup> English edition, *op. cit.*, p. 123.

<sup>3</sup> *Ib.*, p. 82.

The most remarkable book that I have seen in recent years, dealing with the subject of mysticism, is "Diagnosis of Man," written by Kenneth Walker.<sup>4</sup> The author is a London surgeon, who has received the highest honors bestowed by the societies of his profession, a man of exceptional culture. This treatise by a practical scientist, a man of medicine and chemistry, lays before us in contrast a revelation of the wide gulf between eastern and western thought and, at the same time, presents a picture of the unity of true mystical experience, wherever it has been stated and at whatever time. This part of Kenneth Walker's work is invaluable for confirming the idea of similarity of experience expressed, on the one hand, by the European mystics and, on the other, by the Hindu mystics in the Vedânta. Walker says:

It has been pointed out that the Vedânta is eminently practical, and does not condemn these views as illusory in the sense that they have no utility for everyday purposes. A man must live his life and discharge his obligations to his fellows and for such purposes these ideas are sufficient. "All this universe," says Samkara, "is for a man's edification and to help him to attain self realization." But he must go further than these ideas if he is to reach his goal. There are two paths, *pravritti* and *nivritti*, the one leading to the external world and the other to self-knowledge; the one providing the worldly experience necessary for a useful life, the other leading to philosophical and spiritual enlightenment.<sup>5</sup>

The thoughtful reader will find in "Diagnosis of Man" a thorough analysis of mysticism in all its forms and, after a careful reading of the book, he should have no doubt remaining as to what is, or is not, mysticism.

There are several other works which, although not wholly devoted to this subject, deal with the mystical life. Some of these have not yet reached our shores, owing to the difficulties of importation. Yet, from the reviews I have seen in British magazines, I am led to believe that there is a demand for books

<sup>4</sup> Jonathan Cape, London, 1942.

<sup>5</sup> *lb.*, p. 124.

of their nature. Moreover, for many years in England, the ground has been well sown by Evelyn Underhill's beautiful volumes on mysticism,<sup>6</sup> and perhaps the public interested in these works is already a fairly large one.

Later than the publication of these books came a series of articles by Professor Joad in *The New Statesman and Nation* (London). In dealing with "The Prospect for Religion,"<sup>7</sup> he finds:

. . . the churches are at the parting of the ways. Either they will fade altogether from the national life, and become wholly, what many are in large part already, empty shells, or they may come once again to assume importance in the lives of men.

His review of the problem is not entirely pessimistic, for he notices symptoms of a recrudescence pointing in the direction of what Spengler would call "a second religiousness." Joad says:

Whether it be "escapism" or true Christianity, this strain in the Christian religion has always come to the fore in times of the breaking of civilisations. . . .

He mentions a new revival of mysticism, and refers to the works of Huxley and Heard which are now being read by many:

. . . Despairing of our civilisation which they regard as beyond redemption, the new mystics would withdraw from it, in order to develop man's other-worldly connection by the deliberate cultivation of the psychological techniques of mysticism. . . .

He goes on:

At the same time, following the precedent of the monasteries, their withdrawn communities would seek to keep alive something of the old learning and the old culture, thus serving as a bridge between the civilisation that is dying and the civilisation that is yet to be born. . . .

The second article closes with the following:

<sup>6</sup> "The Essentials of Mysticism," London and N. Y., 1920; "The Life of the Spirit and the Life of Today," N. Y., 1922; "The Mystic Way," London and N. Y., 1929.

<sup>7</sup> August 22 and 29, 1942.

But if, as I say, the worst comes to the worst, then it is in the monkish element and the other worldly strain in the High Anglicanism that men will increasingly seek consolation and refuge.<sup>8</sup>

These articles from the pen of Professor Joad are to my mind a far greater surprise than that Aldous Huxley should write "Grey Eminence" for, unless I have been mistaken, Joad has been a thoroughgoing Socialist and a convinced atheist. I gather this from his writings and speeches. Therefore, if he, of all people, can turn to mysticism, there is hope even for some of our statesmen who are so busy with the practical affairs of the day.

Professor Joad's articles should be published in a form that will be widely circulated, for his analysis of the position of the church today is worth the consideration of all people whose minds are now turned to the conditions that will exist when the war is over. Perhaps he may think it worth while to write a book on the subject, and, if he does, I hope he will explain what he means by the term "escapism," for it seems to me that it should not be used to characterize the desire for a monastic life. To my mind "escapism" connotes a flight from present danger, not a move towards a definite place of safety. Surely escapism implies panic—something like a mad rush from a room in flames to any exit, no matter where it leads, or what new danger lies in wait for those in flight.

There will undoubtedly be millions of people in Europe, and perhaps in this country, who will seek almost any means of shunning the evils that have caused so much suffering. But for those who will long for a return to a refuge of strength and surety, a definite notion of direction will actuate their movement.

The question may be put by those who know something of the mystical life: What would a return to it mean? Herein lies the strange, revolutionary idea which, if it became wide-

<sup>8</sup> *Ib.*

spread might undermine the economic and political systems that have been responsible for the world chaos. A return to mysticism, or the monastic life, would mean a severance of all State ties and a departure from the industrial system that goes by the name of capitalism. For what interest could a monk have in statecraft and town life? These and their concomitants are the rocks upon which monasticism was wrecked. Even abundance led to laziness and debauchery in many of the abbeys, and the monastic records of the Middle Ages reveal over and over again the necessity of practising prayer, abstinence, poverty, and obedience. The rigors of such a system might easily frighten those reared under a political system, which aimed to bring the sheer materialism of an abundant life to the people. Alas, mysticism is a refuge for the few and a nightmare for the many.

Still, it would be most unwise to leave out of consideration what people might be driven to through despair. Hungry, distraught men might do tomorrow what they have done in the past. There is no sound reason for thinking that the amazing changes in the life of Anglo-Saxon pirates and Norman bandits, which took place from the seventh to the eleventh centuries, are so completely events of the past that they cannot appear again. Men will always be men, and what they have done before may recur in the future. Their acts—good or evil—are with them still, and the same possibilities of spiritual revolution, though dormant for so long, might very probably, in the aftermath of this war, stir them with a burning desire to find surcease from evil and a safe refuge for their souls.

If it were possible for the ideas of mysticism to take hold of the people, there would be an end to economic and political thralldom, for a mystic would require only the bare essentials of material existence. To produce enough and no more than is necessary for the immediate future would be the surest

method of destroying parasitical systems. Indeed, it may be held that, where there are no taxes to be collected, there will be no politicians; and surely we have learned the lesson that involuntary poverty creates slums and raises a bureaucracy to cope (ineffectively) with the evils that arise from destitution. Therefore, to produce only the necessary requirements for individuals would deprive the State of its fiscal lifeblood and force political governments to die of starvation.

It may be that Professor Joad and Aldous Huxley are beginning to realize that common man (even Ortega's mass man<sup>9</sup>) has no chance at all of surviving as a free creature so long as there is a bureaucracy to batten upon his labor. Perhaps they have learned, too, that the exercise of the franchise can merely change one set of politicians for another and that the temptations of power and emolument are hard for the best of them to withstand.

The fever of gross materialism had to run its course. For nearly four centuries the body politic has been cultivating all the social and industrial diseases our flesh is heir to. And one reason why it has been so susceptible to the ills which have distressed it is that man somehow—perhaps about the time of the Black Plague—lost that sense of spiritual discipline which he exercised throughout the finest periods of the Middle Ages. This seems to be the consensus of those modern scholars who have devoted their lives to a thorough research of the history of the long-forgotten ages.

It is hard to find an excuse for the neglect of the centuries when men struggled so valiantly out of the benighted labyrinths of ignorance and despair to the light of day, when the great monuments of their finest achievements were wrought. Even in their ruin today they inspire rhapsodies of admiration and hundreds of tomes in which our deepest thinkers have described their value and beauty to us. It has

<sup>9</sup> Cf. José Ortega y Gasset, "The Revolt of the Masses," New York, Norton and Co., 1932.

been said that the volumes of "The Cambridge Medieval History"<sup>10</sup> refute the opinion and judgment of those eighteenth and nineteenth century writers who poured contempt upon the work of the men of the Middle Ages. Now that we have the knowledge that the quasi-rationalists did not possess, we find, after careful study of "The Cambridge Medieval History," that (since the middle of the eighteenth century) most of us have been deluded by writers whose purpose has been to present us only with the dark side of the decadence which brought forth Luther and destroyed the labors of the twelfth, thirteenth, and fourteenth centuries. What reason, then, is there for men who pretend to be scholars to ignore for another day the amazing work that has been done in our lifetime to revive and restore the wonders of the past? It is all set out in this history.

Surely it is a canon of wisdom for man to prepare himself for the future, not only spiritually but physically and mentally. He must know, if he exercise his faculties at all, what is likely to happen to him tomorrow. This concerns the motive of his life. As a thinking creature, he must busy himself with the legitimate desires and needs of his subsistence. If he has fallen upon evil times, he cannot help but ponder the problem of how in future to avoid the distress he has suffered. Therefore, to him thought of the morrow should be a fixed duty, for after all, down deep in his heart, there is a desire to live at peace with his neighbors and provide nourishment for himself and his dependents. This is putting it merely on a materialistic basis. Then, if this be the case, he might seek a way of life other than that which he has been pursuing and explore the means of ridding himself of the iniquities which have brought him to despair.

He needs no great intellectual gifts to think the problem out. Indeed, perhaps an illiterate man is the readier to find

<sup>10</sup> Eight volumes, New York: The Macmillan Company and Cambridge, England: The University Press, 1936.

a new way, for his mind is not cluttered up with the economic and political flotsam and jetsam of the modern school and, as he has nothing to lose in making a change from the misery in which he lives, he may decide that any fate is better than that which pursues him. Suppose, then, that he were to turn to the simplest form of rational existence, what would happen to the State and the kindred systems which have deprived him of the modicum of happiness he requires to live decently?

There is no immediate danger of the intellectuals of our day bringing about a revolution of thought, for seemingly they are so deeply inured in the present system that they might cling to the little they have and think a change not worth the risk. In this matter the revolution may be produced by the millions of common men who will seek a refuge safe from the systems that have been their undoing.

Fifty years ago, not a few statesmen were asking: What is Socialism? Less than ten years ago, intelligent politicians and business men were inquiring: What is totalitarianism? Before we are much older, many people may be asking: What is mysticism? And I doubt not that many in England today, who are reading the books and articles referred to above, are asking this question. For us, who as a people have no tradition that reaches back to the Middle Ages, it will be far easier to learn something about the subject by going directly to works devoted to it.

In this respect we are singularly well blessed for, in recent years, several distinguished scholars have given to the public volumes which contain not only the lives of great mystics but their books and sermons, as well as the methods by which they enlightened their people. The first one to which I would draw the reader's attention is "The Flowering of Mysticism" by Dr. Rufus M. Jones,<sup>11</sup> Professor Emeritus of Philos-

<sup>11</sup> The Macmillan Co., New York, 1940.

ophy at Haverford College. In this work Dr. Jones presents us with a survey of the lives of the mystics, covering many centuries of testimony. Dr. Jones says:

The fourteenth century was marked by a unique flowering of the human spirit. There came in this period of a hundred years the most remarkable outburst of mystical religion that has occurred in the entire course of Christian history. . . .<sup>12</sup>

Perhaps the secret is expressed by Dr. Jones in a single passage of remarkable understanding:

There is a hidden Deep in man which in some mysterious way touches the Divine Abyss and in the silence of all created things, in the hush which stills human passions and strivings, there comes a sudden union of the finite and the Infinite, the river and the sea.<sup>13</sup>

This book is a magnet, and it is hard to turn oneself from its fascinating pages, but I must hasten on to refer to two other works.

A few months ago Dr. George Bosworth Burch presented us with "The Steps of Humility, by Bernard, Abbot of Clairvaux."<sup>14</sup> In this study of the epistemology of Bernard's work, we find a scholarship second to none in the literature of our time. Dr. Burch says: "Bernard of Clairvaux, of all the medieval doctors of the church, best deserves to be called a lover of wisdom."

When I read such a statement, I wonder whether any of my friends who say they appreciated Oswald Spengler's "The Decline of the West"<sup>15</sup> thought of turning back the pages of medieval history to learn something more about the Abbot of Clairvaux than Spengler gives them in his review of the Middle Ages. It seems to me that in such a crisis as this in which the world is engaged, the past, and knowledge of it, is of equal importance with any knowledge produced by the physicists and chemists of our time. Dr. Burch says:

<sup>12</sup> *Ib.*, p. 9.

<sup>13</sup> *Ib.*, p. 102.

<sup>14</sup> Cambridge, Mass., Harvard University Press, 1942.

<sup>15</sup> Two volumes, New York, Alfred A. Knopf, 1926.

Bernard's essay on "Steps of Humility" is an important work of mystical literature because it attempts to describe, not the undescribable mystical experience, but the easily describable steps which lead to the possibility of this experience.<sup>16</sup>

In these days when so many of our sociologists and philosophers are hard at work deriding the past and, particularly, the medievalists, they might be reminded of a saying of Bernard's:

Just as our physical vision is obstructed either by an internal humor or by an intrusion of foreign matter; so also our spiritual intuition is disturbed sometimes by the lures of our own flesh, sometimes by worldly curiosity and ambition.<sup>17</sup>

Dr. Burch points this by adding:

The reason is purified by humility; the will is purified by love. Thus the soul becomes capable of contemplating Truth in itself.<sup>18</sup>

Then, further on in his introduction, Dr. Burch tells us:

Free choice, without the other kinds of freedom, is the natural condition of man. Free counsel is charity—but only in the sense of active charity and zeal for justice. Free enjoyment is found, in this life, only in mystical contemplation. While humility is not included as a kind of freedom, it is stated in this essay that non-voluntary "good thought" (i.e., cognitive humility) is preliminary to good will.<sup>19</sup>

The book is so beautiful, touching as it does all the great problems of our anxious life, that it is tempting to trace through these pages the wisdom of Bernard—wisdom, alas, so long absent from our minds. It is a strange experience looking through this work, for it seems like listening to a voice that spoke eight hundred years ago, one that understood the problems that will always face man, no matter how deeply he sinks, through the weaknesses of his own flesh.

A final work I would bring to the notice of the reader

<sup>16</sup> *Op. cit.*, p. v.

<sup>17</sup> *Ib.*, p. 85.

<sup>18</sup> *Ib.*

<sup>19</sup> *Ib.*, p. 104.

is "Meister Eckhart" by Raymond Bernard Blakney of Williams College, Massachusetts.<sup>20</sup> Professor Blakney says:

Before I began to read Meister Eckhart, I shared a common prejudice against medieval thinkers and all their works. I dislike theology in the medieval idiom, regarding it as juiceless and static, and fortunately superseded by more vital modern religious thought. Then, at the behest of a learned friend, I began Eckhart, only to see that what he had to say was indeed like a treasure buried in a field, the more valuable because so rare—and so long neglected. . . .<sup>21</sup>

Here we have for the first time as complete a volume of the writings and sermons of Meister Eckhart as his most devoted disciple could desire. It contains the "Talks of Instruction," "The Book of Divine Comfort," "The Aristocrat," "About Disinterest," and twenty-eight sermons. The whole of "The Defense" is published in English for the first time. Professor Blakney gives us the living, practical mystic among the people, who performed his ecclesiastical duties as prior and vicar and entered the forums of Europe to debate the most momentous questions of the time with a zeal so startling that the author stamps its brilliance with the word "vividness."

It is amazing to think that there are millions in the world today who have heard the name Einstein, but who have never heard the name Meister Eckhart; and yet, it would be a long, arduous task for a painstaking student to go through the volumes written and published in the nineteenth century, and tabulate the references to this amazing mystic. He has been called the greatest preacher of all time, but it would be a most extraordinary pastor, in a rare church, who could deliver to us such addresses as are to be found in the "Talks of Instruction." Take, for example, the following:

. . . Therefore I say that we must learn to look through every gift and every event to God and never be content with the thing itself. There is no stopping place in this life—no, nor was there ever one for any man, no

<sup>20</sup> Harper and Brothers, New York, 1941.

<sup>21</sup> *Ib.*, p. ix.

matter how far along his way he'd gone. This above all, then, be ready at all times for the gifts of God and always for new ones.

Let me tell an anecdote about someone who greatly desired something of our Lord. I told her that she was not ready for it and that if God gave it to her, while still she was not ready, it would hurt her. You ask: "Why was she not ready? Hadn't she goodwill? You say that, given the will, everything is possible and that everything, perfection included, depends on the will."

That is correct; but "will" must be understood in two senses. There is first the contingent and nonessential will and then there is the providential will, creative and habitual. The truth is that it is not enough that the heart of man shall have its detached moments, in which to seek union with God; but there must be a disciplined detachment which precedes and follows (the moment of union) and only in that way may man receive the great things of God and God himself in them. If, however, one is not ready for the gifts, they do harm and God in them. That is why God cannot always give us the things we ask for. The fault is not on his side; he is a thousand times more ready to give than we are to receive. It is we who do violence and wrong him by hindering his natural action with our un-readiness.<sup>22</sup>

Do we not find here the root of our unfitness, which has led to the present catastrophe? We have ignored the gifts of God and turned our minds to the gifts of man.

Here is another sample of his method of instruction:

Do you want to know what a really poor person is like?

To be poor in spirit is to get along without everything not necessary. That person who sat naked in his tub said to the mighty Alexander who had all the world under his feet: "I am a greater Lord than you are, for I have despised more than you have possessed. What you have felt so proud to own, I think too little even to despise." He is far more blessed who gets along without things because he does not need them, than he who owns everything because he needs it all; but best of all is the person who can go without because he has no need. Those, therefore, who can dispense with more and scorn more will have denied themselves more. It looks like a great deed when, for God's sake, someone gives a thousand marks of gold to feed the poor and build convents and cloisters, but much more blessed is he who disdains that much stuff on account of God. A person really has the King-

<sup>22</sup> *Ib.*, pp. 32-3.

dom of Heaven when he is wise enough to put off everything for the sake of God.<sup>23</sup>

If it be justice you wish to learn about, if you desire a fuller knowledge of what freedom means, then turn to Meister Eckhart. No one saw so clearly as he did what eternal justice means nor has anyone bequeathed such a sense of the blessedness of freedom as we find in his sermons.

These books give the answer to the question: what is mysticism? Now that the time is becoming ripe when man must do some thinking for himself, there is no better way for him to break loose from the shackles of statecraft that bind him, and the wage slavery entailed, than by turning his mind to the essential things such as are dealt with by Bernard of Clairvaux and Meister Eckhart.

<sup>23</sup> *Ib.*, p. 39.

## Labor, Management and Government After the War

By FRANK T. CARLTON

TODAY WE ARE IN a period of great change, one comparable with that of the breakdown of feudalism and the beginning of capitalism. In any discussion of the problems connected with a war economy and with the return of a peace-time economy, the background of a rapidly changing, complex technological world should not be neglected. The traditional America of small-scale business, poor transportation facilities, local markets, and hand-craft work is no longer with us. The America of the second third of the Twentieth Century is surrounded by an entirely different technological atmosphere. Before the war began, new basic trends were pressing toward the surface of world events. The United States recently entered the power age—an age of mass production, automatic machinery, the extensive use of natural power, and the application of scientific principles to industry. Recent technological and scientific progress has developed a new and strange economic climate. Technology not only keeps "industry in a turmoil"; it has forced and is forcing marked changes in the political, economic, educational, and social world. The war is accelerating these tendencies.

Science and engineering have given us a new industrial world in less than two generations. The framework of our governmental machinery and our traditions of governmental functions came from the pioneer era, before the railway, the telephone, the auto, the radio, and the airplane. When reconstruction begins to take place, our big problem will be to stop the "creeping paralysis" which tends to overtake business. This problem cannot be solved by utilizing the type of endeavor and organization which was excellent in a pioneer community. Productive capacity has advanced faster than political, economic, and social institutions have changed. In the United States we have a new technology functioning in a political structure provided with antique mental furniture. We need a new educational discipline. Americans should cease making "an unimaginative audit of past experiences."<sup>1</sup> As the scale of business becomes larger and larger, the opportunity for many individuals to become small proprietors is reduced. The typical individual of today is connected with a group—a corporation, a labor organization, or the administrative arm of government. Democracy has become a matter of group action instead of purely individual initiative.

<sup>1</sup> Frank T. Carlton, *Case Alumnus*, June, 1942.

In fact, individual initiative, in no small measure, finds opportunity for expression through one of the groups indicated above.<sup>2</sup>

#### **The Isolation of Workers from Management**

FOR DECADES TECHNOLOGY and business changes have almost wholly relieved the workers of responsibility for technological and for business decisions. It is difficult to ascertain to what extent restriction of output, inefficiency in today's business activity, and monopolistic practices are due to the growing separation of workers from management and from absentee and functionless stockholders. The trend in industry toward restriction of output instead of toward capacity production, toward high, rather than low, prices, and toward immediate individual gains or profits instead of toward the satisfaction of the wants of the mass of men, women, and children, must be reversed, if society is to avoid the catastrophe of universal sabotage, that is, general participation in restriction of output, wasteful methods, inefficiency, and lack of interest on the part of workers, owners, and managers. The hope of greatly increased efficiency and productivity may be found in decreasing the power of absentee and transient stockholders and in placing business responsibilities partially upon the shoulders of wage workers, by giving employees a stake in the industry in which they earn their living.<sup>3</sup>

The longer and more considerable the war effort, the more difficult will be the return to a peace economy. Today, it seems clear that the government will play a large part in reconstruction in order to avoid, if possible, a serious economic breakdown. Business men and technological experts should study the matter carefully and calmly. Denunciation of the government, of the New Deal, and of Roosevelt, will accomplish little or nothing. Remembering 1929-1933, it does appear that some governmental intervention and guidance in the return from a war-time to a peace-time economy may be desirable. When the war ends, the government will undoubtedly be in business to an extent unknown before 1940. The American people will not allow government-owned plants and equipment to stand idle when supplies, equipment, and public works are needed at home and in the countries emerging from the destruction and horror of modern warfare. It seems clear that private industry should learn to work along with government industries not only in public utilities but in many other lines into which the government has not hitherto intruded.

<sup>2</sup> Rainer Schickele, "Society and the Masses," AM. JOUR. ECON. SOCIO., Vol. 2, No. 1 (October, 1942), p. 65 ff.

<sup>3</sup> Frank T. Carlton, "Drifting Stockholders," *Survey Graphic*, January, 1922.

Especially is this true if we do not want government to become the entire show. In the words of a business statistician, "government may be in big business for keeps." If business men do not co-operate with the government while the demand for war products is pressing, the government is likely to take over war industries. What happens depends in no small measure upon the willingness of business to go along with war requirements. As we are beginning to feel the full impact of war, it is clear that production is no longer a purely private matter and that the government is the boss in the business world. In a lesser degree the same may be anticipated in the post-war era. How much less is the question,—not whether we like it or not. Private industry is equipped to produce; but it is not prepared to insure a steady demand for its products. It is the business of the government to secure the smooth, continuous flow of demand. A government program which will sustain demand will tend to eliminate the economic disaster which we call a crisis or a depression. Private industry may help to achieve this result by striving to keep wages high and prices low.

Men and women have been bewildered by the rapid march of events. The new technology has come so quickly as to be breath-taking. As the rapidly changing scene is surveyed, nearly all of us who are not under thirty are inclined to cling to the "ancient good," to the institutions and ideals of our frontier forefathers. It is difficult indeed for many of our industrial leaders, nurtured on the notions of "free enterprise" and of managerial independence, to see that a new and interdependent age demands different relations between men and management, and between management and government. Their eyes are turned toward the evening of an old and cherished epoch instead of toward the dawn of a new and not clearly defined era. When the leaders of industries and of government lose the spirit of adventure, it has been suggested, "civilization is already in full decay." The spirit of experimentation and of adventure is sorely needed in attempting to adjust the relations in today's economic maze, between men, management, and democratic government.

#### A New Era of Enterprise

IN EARLIER AND SIMILAR EPOCHS, the worker determined the methods he should employ. The employer rarely interfered except in cases of slave and unskilled free labor. American achievements in science and engineering aided in destroying small individual enterprises and in the development of the corporation with limited liability and with a far-flung army of

stockholders. Whether we do or do not like it, a new era of business enterprise is here. Advances in technology have reduced the functions of the individual worker and have emphasized the importance of direct and co-ordinated teamwork. With growing complexity and with increased investment in industry, the owner became also the production manager,—the blueprint, scientific management, and the planning room came into general use. As corporations with a large number of functionless stockholders came to dominate the American business world, a further differentiation took place. Management and ownership were divorced. "Labor and capital," became labor, management, and capital (ownership). The managers were hired; but they directed the utilization of the stockholders' property. At first, the technical managers were subordinate to the control of the financial interests; but in recent years, hastened by the production necessities of the war, the expert manager from the engineering point of view, is rising to a position of leadership.<sup>4</sup>

As factories became larger and larger, as the number of wage earners in a plant increased, as impersonal relations between the big bosses and the men became typical, as the relative degree of specialization and of routine work increased, the worker became a number, a cog, an automaton who was not expected to think or to make suggestions. The docility of the immigrant aided in stressing this tendency. Immigration practically ceased in 1914; since that date it has not been an important factor in the American labor supply. In the generation which has elapsed, more and more of the work force are native Americans or persons who came over as young children.

As the energy of coal, oil, and water began to displace the muscle of men and animals, as the automatic machine began to displace the routine machine feeder, as more workers went through elementary and high schools before taking a job, as unions began to grow in strength, and as corporation management became hired management, the pendulum began to swing away from the idea that the worker was an insignificant element in industry. The swing toward unionization is in part a desire for significance or a wish to be more than a cog or a number. Through an organization, workers are earnestly endeavoring to obtain again a significant voice in shop conditions, methods, and policies which vitally affect them in their work. The worker is no longer expected to provide "power." Machinery does much of the "work," and machines are power-driven. The wage worker is becoming a watcher and a supervisor. Alertness and precision

<sup>4</sup> Frank T. Carlton, "The Business Managers Take Over," *Dynamic America*, January, 1942.

instead of craftsmanship or muscle are being demanded of increasing numbers of wage workers. Furthermore, the trend before the opening of this war was, and presumably the trend after peace comes will be, toward a smaller percentage of workers in agriculture, mining, and manufacture, and toward a larger percentage in trade, transportation, and personal service. This trend makes imperative new types of ability and training.

#### **Engineering vs. Banker Economy**

ENGINEERING AND PHYSICAL ECONOMY in production may be on the road to replace financial or banker economy with its undesirable restriction of production to increase the price. Science and engineering have been revolutionary agents in recent decades. Americans should plan to fit their future political and economic systems into the molds made by science and engineering instead of attempting futilely to fit science and engineering into the slowly modifying forms of the traditional political and economic systems. No nation with abundant manpower, resources, and scientific attainments need undergo a serious depression. Depressions are man-made.

The New Deal has proceeded on the assumption that an increasing amount of governmental control and direction of business is necessary. All agree that some control is essential and that some businesses should be publicly operated,—as, for example, the mint and the fire departments. As former President Hoover is reported to have said, "business usually gets the regulation it deserves." If business will adopt the program of actively seeking home markets,—of lowering prices and raising wages as much as possible, instead of raising prices and lowering wages as much as it is able—need for additional government regulation will be lessened. Why regulate rigidly or use a yardstick program upon a public utility which is earnestly trying to lower rates and to increase its output and to reach new layers of demand? A similar question might be asked in regard to other forms of business activity.

Through the decades immediately preceding 1920, American industry forged ahead with amazing rapidity. The promised era of plenty seemed just around the corner. Savings were invested in more capital, such as railways, buildings, and machinery. The stream of national income increased. Occasionally a setback occurred; but the idea that progress was normal and that expansion would never come to an end was generally and enthusiastically accepted. "Perpetual accumulation," not the benefits of saving, was the aim of economic activity. Then the frontier disappeared and, later, foreign investments slackened. An era was ended. Capitalism

was "mature." However, American businessmen and many political leaders accustomed to "free enterprise," profit-making, and extreme individualism could not change to an outlook which emphasized general welfare, to a consumers' era, to an era in which production rather than price should be emphasized, to an era in which investment began to give way to consumers' goods as the essential factor in the national output. Combinations, big business, and mass production brought restriction of output rather than efficiency and capacity output.

#### The End of the Police State

AS THE PERIOD of geographical expansion ended, it became clear that the ultimate purpose of investment, of the production of capital goods such as machines and factory buildings, is found in the production of consumers' goods and services. Consequently, if the free enterprise or *laissez-faire* program were to succeed after pioneer days had ended, it must lead to higher and higher wages, and to more and more consumption on the part of the great mass of wage and salary workers. In other words, in order to keep the industrial machine functioning, the production of consumption goods and services relative to capital goods must be increased. Unfortunately, in the pre-New Deal years, business men, as a rule, did not grasp the idea that the continuation of the much praised free-enterprise system required the adoption of the program of paying high wages and selling products at low prices. They continued after the era of expansion drew to a close to follow the old pioneer program of paying as low wages as possible and keeping prices up when possible. The free-enterprise system failed to change when the end of the epoch of expansion was reached. American business men could not achieve an "intellectual somersault." The optimistic twenties, the dismal thirties, and finally the war put an end to the traditional idea of no government in business. The amount of governmental interference after the war will depend in no small degree upon the attitude assumed by management and ownership, toward capacity production and toward collective bargaining and union-management co-operation.

In Great Britain unions have been accepted and collective bargaining generally used in peace-time. When the war began, the question of union recognition was not raised. Unions were taken for granted. In the United States, preceding the opening of the war, opposition to unions and to the establishment of collective bargaining was typical of the attitude of business leaders in many important industries. In the first World War, American unions did not take full advantage of the unusual opportunities to push organization. After the war was ended they confronted stern oppo-

sition from the leaders of industry. This opposition took the form of a "welfare offensive," "the American plan" program, and other movements calculated to keep labor from organizing.

American labor unions have generally agreed to a no-strike program for the duration of the war; but this has unfortunately given the opposition to labor organizations an opportunity to oppose the aspirations of workers. Presumably some wildcat strikes have been the direct result of the attempts of management to hinder the growth of unions in numbers and in strength during the war, and while the no-strike policy is being generally observed, American labor leaders have also abandoned their traditional attitude in favor of "volunteerism" for one of acquiescence in or insistence upon a governmental program of forcing war workers to remain members of a union or under certain conditions to join one. However, some labor leaders in November, 1942, were beginning to feel that they "must stop running to government all the time for privileges and favors." After the war ends both management and labor may be expected to favor less government in business. The attitude of labor, however, may depend largely upon the attitude of management toward organized labor.

The passage of anti-injunction legislation, the National Labor Relations Act, and the Railway Labor Act, have in a large measure prevented employers from using their traditional weapons against labor which is organized or which is attempting to organize. As a consequence, the membership of organized workers has trebled in less than a decade. The American labor movement now stands at a turning point in its history. In the past it has been pre-eminently a fighting organization. Now, it has won the right to exist. If it is to thrive in the new world of today, labor must be prepared to adopt a constructive economic program. If labor becomes another powerful pressure group for the sole purpose of advancing the immediate interests of labor without regard to welfare of the community, it will face stiff opposition. Restriction of output, jurisdictional struggles, and discrimination against certain types of workers, should be thrown into the discard. If democracy and capitalism survive in the United States, labor as well as management will look to productive efficiency rather than to restriction and scarcity. It is highly significant that many unions now employ statisticians, economists, and production experts.

#### **The Growth of Government Interference**

FOR GENERATIONS, AMERICAN business men have been clear in their opposition to interference in their business by either government or labor. The traditional view was that the employer-owner must control; no dicta-

tion or even suggestion on the part of labor, organized or unorganized, should be tolerated. As corporations grew in importance, as management and ownership were separated, management became powerful and, although hired, refused vociferously to allow labor a voice in the direction of shop methods and programs. Welfare work was given the green light; but participation in management was denied.

This tendency continued until the depression beginning in 1929 was well advanced. Then, and especially after the war began, governmental interference in business became more and more considerable. Management has lost control over practically all phases of business administration, except the purely technical; and labor is insisting that it share in the decisions of management in so far as such decisions affect work conditions and personnel relationships. Thus, management divorced from ownership moved into a position of prestige and power in the business and political world only to be cast out by the rapid advance of governmental authority. May it not be anticipated that, after the war ends, management must co-operate with labor if the former wishes to weaken the hold of governmental bureaus and commissions upon the control of business?

Business men speak enthusiastically about free enterprise and about the desirable features of competition; but actually business men are prone to erect dikes to protect themselves from the pressure of competition. Indeed governmental limitations upon industry have followed, rather than preceded, the self-imposition by business management of various limitations. Property rights change with modified technological conditions. In a war, the right to use property—factories, stores, mines, or farms—exactly as the owner sees fit is unmistakably lost. In peace-time, for decades past, the right to control and to utilize private property has been diluted by the constitutional right to interfere in the interest of "general welfare." The latter phrase is a very different concept in the eyes of the Federal Supreme Court today than it was according to the notions of Chief Justice Marshall or of the pioneer.

There is a feeling among the rank and file of our population that big business organizations too often exert an unhealthful influence upon political affairs and upon industrial efficiency. Free enterprise or unrestricted competition has been interfered with by agreements among businessmen—pools, "trusts," holding corporations, trade agreements, interlocking directorates, and other more or less ingenious devices have been resorted to. Before the war opened, free competition in many business fields had been displaced by imperfect competition, semi-monopoly, governmentally-

regulated or operated monopolies. The public corporation is not very dissimilar from the large privately owned corporation with absentee owners and hired management.

Monopoly and semi-monopolistic practices run counter to free enterprise. Restrictive and hampering practices are imposed by business rather than by government. Restriction of output in the hope of immediate profit at the expense of the consuming public has become a customary practice in many private corporations. The opportunities to start small businesses and to make investments have become limited. Investors have become pessimistic about safe and profitable use of funds. The first World War temporarily ended this situation; and then followed the period of the 20's. Investors again became optimistic; but the long depression of the 30's made it clear that the age of the pioneer was at an end.

#### **Declining Influence of the Profit Motive**

THE TRADITIONAL FREE-ENTERPRISE SYSTEM depended in no small degree upon the lure of profit-making for motivation. However, today only a small fraction of the gainful workers, including those in management, are directly actuated by the profit motive. The corporation is by far the most important form of business organization in banking, public utilities, and manufacture. In mining and merchandising its importance is growing. A large percentage of the young men and women in high schools and colleges are destined to be employees of corporations. In manufacture, perhaps ninety-eight in every one hundred work for wages or salaries. In public utilities, including the railways, practically all work for wages or salaries. In the wholesale and retail business an increasing percentage of wage and salaried workers is also found. In the case of farmers who own and operate farms other motives than profit-making are present, such as, the love of the land and the desire to be one's own boss. Teachers, engineers, authors, investors, clerical workers, professional workers, governmental employees—nearly all work for salaries, fees, or wages rather than for profits.

All workers desire to do something which they definitely feel would be important or socially useful. They desire prestige, significance, and power. As a direct incentive, profit-making touches only a small fraction of the work force of the nation. Motivation in regard to investments is also undergoing a change. After markets for a product cease to grow rapidly, a "live-and-let-live" policy comes to the front. Competition in regard to price is gradually replaced by a policy of price maintenance or stabilization; and competition takes place chiefly in regard to quality and

to services rendered. It may be suggested that the profit-making motive has traditionally been found effective under conditions of free competition. If its effectiveness be granted under competition, what may be a reasonable conclusion as to its efficiency after competition disappears and combination or monopoly replaces competition or rivalry?

In a war economy a definite and shining goal may be held before the soldier and the civilian war worker. It is that of winning the war. All other aims and goals may be subordinated to this one purpose. When the war ends the morale of the citizen, of the worker, and of management is certain to suffer unless a new, positive, and attractive goal can be presented. As has been suggested, profit-making is no longer a goal which actuates more than a small percentage of the mass of American citizens. After the war ends, men and women will crave a new vision of national progress. May it be greater prosperity, higher standards of living, or greater equality in economic and political power? The rank and file of workers like to do a good job, to share in the production of a worthwhile commodity, to feel that each worker is more than a cog in an impersonal business machine. Morale is built on many little items plus a feeling that progress is being made toward a more livable and more attractive world. Peace-time America, and the rest of the world, also, need a fairly clear-cut social aim; a goal which will appeal to the masses. A world in which machinery, power, and science make great productivity per person possible, and a world in which education and daily leisure have become the birthright of all. In such a world, leadership may come readily from the rank and file of the citizens of a democracy. Technology and education tend to make the common man uncommon and the uncommon man common.

#### Proposals for Full Post-War Employment

PROPOSALS FOR THE ORGANIZATION of peace-time industry for capacity production and for full employment, while remaining within the framework of capitalism and also retaining as much as is feasible of individual initiative, may be reduced to three general types: (a) organize "over-all business associations" for the purpose of self-discipline of industry.<sup>5</sup> This view is that of the self-reliant business man harassed by the governmental red tape typical of recent years. Voluntary action by one group of citizens is relied upon to end monopolistic restriction of output and to bring about capacity production. The initiative of business leaders is emphasized. (b) Form union-management committees in shops for the pur-

<sup>5</sup> J. E. Webster, *Advanced Management*, July-Sept., 1942.

pose of improving morale, increasing efficiency, and bringing about teamwork between the management and men.<sup>6</sup> (c) Representing the citizens as consumers, the government should umpire the business game so as to prevent the growth of monopoly, smooth out the oscillations of the business cycle, and secure full employment. In a democracy both military and economic power must be subordinate to political authority representing the entire citizenry.

A mass-production economy characterized by high fixed expenses cannot be directed as simply as a pioneer economy. The mass-production economy is as different from pioneer economy as is the automobile from the wagon of the early farmer. The protest against interference of the irritated business man goes back to the days of the pioneer and of small-scale industry. It is a futile attempt to turn the clock back to the time of grandfather or of great-grandfather. The self-discipline theory of industrial organizations seems inadequate and naïve. A war-time economy clearly demands a central planning and directing body. Even the business man is not now advocating this program of voluntary action in order to win the war. He wishes to adopt it after the war is won. Everyone realizes that a nation which neglects planning, loses the war. More and more Americans now agree that free-enterprise, unhampered and undirected by governmental agencies, will not result in the maximum production needed to win the war.

A full capacity war economy may be translated into a full capacity peace-time economy; but this cannot be accomplished in a complicated technological society, by enlightened, but undirected, selfishness. In the words of another, "the individual is accustomed to take expert advice in comparatively simple matters pertaining to health, repair of machines, investments, construction of houses, education, and the like." Surely the man in the street or the typical business man cannot be expected to know the answers required for smoothing out the business cycle, eliminating mass unemployment, and for determining the desirable scope of governmental functions in the complex post-war economy. Perhaps no individual or group of individuals can do so; but trained men with adaptable brain power will be most likely to know the answers. Presumably the fundamental job of educational institutions and of our government is to find and to train the talented few for the new profession of social technician. Social technicians are experts in influencing and directing human conduct in peace as well as in war.

<sup>6</sup> An excellent statement of this proposal is found in C. S. Golden and H. J. Ruttenberg, "The Dynamics of Industrial Democracy," New York, Harper, 1942.

The second and third proposals are more nearly in line with the requirements of an age of machinery and power. If management and labor co-operate with governmental officials in attempting to keep the economic machinery of the nation running smoothly, efficiently, and fully, the rôle of government may be minor; but failure to do so will inevitably push the government further and further into the foreground of the business picture. Union-management co-operation does not adequately represent the consumers' point of view. Furthermore, up to the present, such committees are organized by plants or by industries; as a result the nation-wide scene cannot be adequately surveyed. On the other hand, the general use of union-management committees should reduce the danger of bureaucratic control of industry.

#### Reducing Government Interference

THE POST-WAR PROBLEM is, in part, one of getting the control of large private industries into the hands of those actively engaged in the business,—namely, management and the workers. If properly carried out, and if accompanied by industry-wide bargaining, interference on the part of government should be reduced to a minimum. The large corporation may be in the process of being recognized as a public institution to be operated in the interests of consumers and workers, as well as in the interest of the investors and of the active management. In other words, legislation and business ethics are combining to draw a picture of the large corporation as a public institution operated for the benefit of consumers and of workers, rather than as an organization operated purely for private gain, or for investors, investment bankers, and the management.<sup>7</sup>

Maximum efficiency in production requires not only excellent technological guidance; it can be achieved only with the enthusiastic co-operation of the rank and file of the workers. Union-management co-operation is a practice which aims at securing teamwork. It also attempts to utilize and develop the brainpower of the work force, to conserve and to use important human resources. In too many instances management has taken a negative or defensive attitude in dealing with labor and the representatives of labor. In labor relations the time is ripe for emphasizing common interests, making friends instead of suspicious individuals among the workers, for developing teamwork, for generating employee goodwill. Union-management plans make easier the development of a positive program which will reduce friction in industrial relations, improve morale, increase efficiency, and reduce the probability of governmental interference

<sup>7</sup> Frank T. Carlton, *Dynamic America*, January, 1942.

in the operation of industry. The success of many joint labor-management committees in war industries furnishes proof for this assertion. Spokesmen for labor are claiming for the work force an equitable share of the gains due to technological changes and to good management. If business enterprise tries to raise money wages and lower the costs and the prices of the products it produces, it would be easy for management and men to work together. Unionism makes for job security. The emphasis placed in collective bargaining upon seniority and upon freedom from arbitrary discharge is indicative of the interest of the worker in job security. The job is the equivalent of a property right in the hands of other men. The union agreement protects the worker and tends to maintain a high degree of morale.

In a democracy there is danger in too great centralization of authority. The plans of experts at the top of the national organizations of government or of a large industrial establishment, "need counter plans from the local community and the work-shop." Co-operation between management and men, between experts and the rank and file of workers, is essential to a high degree of efficiency. Labor is subject to control and direction by scientific methods. Before we can develop a profession for personnel management, industrial relations, or human engineering, a science of management must be developed requiring a high degree of professional attainment. Business is gradually acquiring the scientific outlook. The methods which the engineers have used in designing machines and bridges are now being applied to the more complex business, financial, and labor situation. Research workers are accustomed to study materials and machines in order to prolong their usefulness and to improve their efficiency. In the new era experts are to study the care and use of man. The professional point of view on the part of management will also mean more emphasis upon the needs and welfare of the buyer of the product in shop, mine, or store.

#### Potentialities in Union-Management Co-operation

UNION-MANAGEMENT CO-OPERATION gives opportunities for the utilization of the abilities and capacities of the rank and file. As has been suggested, the difference between the so-called great men or the élite, and the non-great is in many cases not great. It is often a matter largely of opportunity. In so far as collective bargaining and union-management co-operation offer opportunity for many a hitherto unnoticed individual to express himself and to use his capacity for initiative and leadership in

some phase of life, it is a social gain and an incentive toward higher efficiency in industry.

When the war ends, a world economic program should be developed which will appeal to the workers of the various Allied Nations. At that time labor will not be interested in a return to "normalcy" or in a continuation of the extreme nationalism that characterized the pre-war world. Labor will be vitally interested in programs which increase world production and which will make possible higher standards of living for the masses.

The long depression of the thirties and the requirements of a war economy have definitely high-lighted the rôle of government in industrial programs. During and after the war the general adoption of union-management co-operation will tend to reduce the demand for governmental intervention in industrial relations. Peace in industry accompanied by a policy of high wages and low prices with its accompaniment of capacity production and full employment will, if the arguments presented herein are valid, preserve the fundamentals of private enterprise.

Organized labor's rôle in the war and the post-war economy should not demand a mere negative attitude, an attitude of fighting proposals of management because such proposals are made by the management. Neither should labor organizations join with reactionary management to restrict output and to foster monopolistic practices. If labor and management, actuated by a professional point of view, join together with the administrative officials of government to bring about capacity production and to end large-scale unemployment, new life may be given to a modified and improved capitalism suitable to the climate of a complex technological civilization.

If unionism is afflicted with racketeering or if labor and capital "hunt together" at the expense of the buying public, sooner or later drastic governmental interference may be anticipated. Unless labor purges itself of the racketeer, coercive action on the part of government will follow. If government through the National Labor Relations Act and through the policy of a War Labor Board favors the organization of unions, it cannot avoid taking responsibility for ridding labor organizations of racketeering and for ending monopolistic practices on the part of unions. Legislation should be passed which will make the union an open union preventing the barring out of eligible members by high initiation fees or by other discriminating practices. Unions should also be required to give publicity to a detailed accounting of their income and expenses. Unions as well as corporations should be subject in the future to the bright light of pub-

licity in regard to financial matters and in regard to monopolistic practices. If, in order to accomplish these purposes, it is necessary, unions should be required to incorporate under a federal statute.

#### Teamwork in Post-War Reconstruction

AMERICANS UNDERSTAND THE ECONOMICS of scarcity and of war. Mankind has lived many a generation in want and privation; it has been more familiar with war than with peace. In war time, there is little or no unemployment, and total national productivity for war and for civilian purposes usually rises to a new and attractive height. After peace returns, management, labor, and the administrative officials of government working together and applying scientific measures should be able to find a way to keep up a rate of productive activity sufficient to supply civilian wants as never before in the long history of mankind. The demand of society today upon management and upon labor is easily understood. It is for teamwork with such governmental planning and assistance as may be necessary in order to run the United States, incorporated, at or near capacity output. Properly directed, union-management co-operation is a long step in this direction, and the same time it may help to bring about a reduction in the scope of governmental interference and governmental bureaucracy. This is a long range point of view.

When the shooting war ends, a period of reconstruction will inevitably follow in which many of the war controls will doubtless continue to function. This period will give management and unions an excellent opportunity for experiments in teamwork which will reduce the necessity of long-continued and considerable governmental control over industry. In this fashion, uniformity or regimentation may be avoided; and a modified democratic form of government continued.

If labor and management are not able actively and enthusiastically to co-operate, a small, but ruthless, group may be expected to rise to power. In that event a totalitarian government will follow; and labor, management, and ownership will be subjected to harsh disciplinary measures.

## The War-Time Rise in Child Delinquency

IT IS NATURAL that the conflicts of a country at war should be reflected in the lives and actions of the children of that country. Children of all ages are experiencing severe economic, emotional and spiritual disturbances. The dislocation of the family, when the father is away from home at war work, or in service, the constant pressure of new crises in the national life, help bring an earlier maturity to the child.

Filled with the spirit of youth and freed from restraint, the children leave school in a spirit of adventure, stirred by the war and its excitements. Many of them are faced with military service when they would ordinarily be in high school. Others have defense jobs, making more money than they had ever dreamed of, possessing a new type of freedom that in many cases is of doubtful value. Younger children, in need of care, are forced to shift for themselves as parents spend longer hours in war jobs or go into the services.

In other years the most dangerous threat to the family was unemployment. Now with more work to be found, the threat is in the peculiar demands of that employment—the strange hours, the shifting of members of the family to other areas, resulting in the reduction of parental supervision. The product of such circumstances is often the child who has to care for his own wants as best he can.

This sudden freedom of the child often gives him a dangerous sense of insecurity. There is often no older person at home to guide his instincts, his emotions or his energies. The rise in child delinquency is in part due to this unnatural freedom, for it is in the home that the foundations for moral and spiritual developments are laid, and deprived of this safeguard trouble will surely follow.

It is amazing that the 758,000 children of school age in New York City do as well as they do. Nevertheless, there is a mounting toll of delinquency and neglected child cases today. 1942 showed a total of 4,915 delinquent children—an increase of 480 over 1941. 2,545 neglected children were handled by the New York courts in the same period—an increase of 265 over 1941. The problem is a severe threat to the basic structure of life—the home.

WILLIAM CHURCH OSBORN

## *A Critique of Political Economy*

### II. A Post-Mortem on Cambridge Economics\*

By FRANZ OPPENHEIMER

#### V

##### Distribution of the Factors of Production

DISTRIBUTION HAS ALWAYS been considered the central problem of economics. Yet the subject was not reached by Marshall until he had completed five-sevenths of his 722-page book;<sup>20</sup> this unsystematic, planless approach is characteristic of his method. On page 493 he deigns to refer to "that investigation of the causes which determine distribution, on which we are about to enter." The threshold, alas, is a long one; the actual investigation begins only on page 546. And it must be noted that the inquiry ignores or neglects most of the major problems, while it indulges itself in a host of minor questions.

Marshall completely ignores the most essential problem, that of the "primal distribution of the agents (factors) of production," i.e., the distribution of the means of production, considered as property. This problem, evidently, must be solved before that of the distribution of the product proper can be tackled. For nothing can be more obvious than that those who own property reap the benefit from it, and the greater the property is, the more they reap. This, precisely, is the problem of distribution proper: why have some persons, orders or classes a small income or no income at all, whereas other persons, orders or classes enjoy large or vast incomes from rent or profit as the fruit of large property in land or in produced means of production? How, by which historical or economic process, have they acquired their property? Which of the two means by which property can be acquired has been of deciding influence in this process: personal labor and fair exchange, or fraud and violence; as Bastiat put it, "production or spoliation"?

Bourgeois economists either ignored this crucial problem, dodged it, or attempted to solve it by the so-called "law of previous accumulation." This "law" maintains that our "capitalist" society, with its division of classes and its distribution of property, evolved through purely internal forces and by means that were fair and peaceful only, from a primitive

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<sup>20</sup> Alfred Marshall, "Principles of Economics," Eighth Edition, New York, 1925, hereafter cited as "P.E."

group, all members of which were free and equal in political rights and economic wealth. This equality remained unshaken as long as there was still free land available for everyone who wanted it; for, evidently, in Turgot's phrase, "No well man will be willing to work for another, as long as he can take for himself as much land as he wants to cultivate." Large property in land, therefore, cannot occur here, no laborers being available to cultivate it. Little by little, however, the land is completely taken up with small and medium peasant holdings. As the Americans put it today, the "old frontiers" have been reached. From this point on, the differentiation into classes begins and progresses rapidly, first, because the law of diminishing returns forbids the division of the holdings beyond a certain minimum; and second, because, due to the same law, the return of the marginal expenditure on land is continually decreasing. Now, for the first time, the innate differences of personal qualification begin to tell: the strong, thrifty, intelligent, abstemious members of the tribe accumulate stock; the feeble, spendthrift, lazy, stupid ones remain or become poor; and these differences in wealth and income persist until the class society of modern capitalism is completed.

This theory assumes, without further examination of this preconception, that the lands of our modern States have been occupied in the manner the law poses as the condition of the differentiation into classes. This assumption is untrue. Nowhere in the world has the land been appropriated by small and medium free peasants, "until the holdings," as Rousseau remarked "touching one another, covered the whole country." Even in the most densely populated countries, at the present time when the population has increased beyond all former experience, many more holdings of that size could exist than the number that would be needed to provide for their whole agrarian population, family operating owners, tenants and landless laborers combined.

Of course, the differentiation into classes proves that the whole land is covered by holdings. But this has not occurred only because peasants have taken up small and medium-sized farms in gradual, peaceful settlement. To a much greater extent, total appropriation has been caused first by warlike conquerors employing violence, and later on by speculators making use of unjust laws, or by immediate fraud, theft of public land, bribery of public functionaries, abuse of official authority, wholesale usury and so on. Two of Marshall's great masters were aware of this. John Stuart Mill noted that "the social arrangements of Europe commenced from a distribution of property which was the result not of just partition or acquisition

by industry, but of conquest and violence." And Adam Smith observed: "When the German and Skythian nations overran the western provinces of the Roman Empire, the chiefs and principal leaders of these nations acquired or usurped to themselves the greater part of these countries. All of them were engrossed,<sup>21</sup> and the greater part by a few great proprietors." Moreover, Mill also said:

In the new frame in which European society was now cast, the population of each country may be considered as composed, in unequal proportions, of two distinct nations or races: the first the proprietors of the land, the latter the tillers of it."

In this way, the primal distribution of the factors or agents of production came into existence. Rising capitalism inherited it from its predecessor, feudal absolutism. Capitalism took over all of feudalism's basic institutions, especially two, the privilege of State-administration, and the monopoly of the land. In other words, it took over feudal class-domination and class-distribution. It abolished legal serfdom, but solely as a mere form, stripping the former serfs of the very best of their property, co-proprietorship of the landlords' lands. Thus it gave them nothing but the empty shell of freedom, because freedom without property is only a mockery.

It is impossible to understand any historical epoch without starting from its "initial constellation," the sum total of the institutions the epoch had to take over from its immediate precursor. Capitalism is unquestionably an historical epoch. The attempt to explain its phenomena while ignoring its initial constellation could never succeed. The law of previous accumulation is in glaring contradiction to all the facts of history; it is, as Karl Marx grimly dubbed it, a "child's primer," a "nursery tale." Marx commented aptly:

In actual history conquest, robbery, murder, subjugation,—in short, violence, unquestionably play the big part, but mild economics knows only the bucolic idyl. Lawfulness and labor are pretended to have been the unique means of getting rich.

By clinging stubbornly to this stupid fable, bourgeois economists have changed the classic gospel of liberalism into what is deservedly called "vulgar economics."

Marshall lightly glosses over this problem. He describes the group of the free and equal, but not (as his predecessors did, and as some of his

<sup>21</sup> It should be borne in mind that the English term, "engross," is obsolete in the present sense. Adam Smith used it to denote the practise or process which today, almost exclusively, is meant by "monopolize."

successors unbelievably continue doing) as the real historical starting point of evolution, but as "an imaginary world, in which everyone owns the capital that aids him in his labor."<sup>22</sup> Here, of course, all incomes are equal, but "the increase of population, if maintained long enough, must ultimately outgrow the improvements in the art of production, and cause the law of diminishing returns to assert itself in agriculture."<sup>23</sup> Then he remarks abruptly:

We may leave now the imaginary world . . . and return to our own, where the relations of labor and capital play a great part in the problem of distribution.<sup>24</sup>

This is the law of previous accumulation in the formulation Malthus gave it in his unfortunate "Law of population." Marshall knows, naturally, that Malthus neglected the condition under which the law of diminishing returns is valid. In Nassau Senior's statement of the proviso, it was "agricultural skill remaining the same." The passage cited above proves the point. Marshall states expressly

that Ricardo, and the economists of the time generally were too hasty in deducing this inference from the law of diminishing returns; and they did not allow enough for the increase of strength that comes from organization. But in fact every farmer is aided by the presence of neighbors, whether agriculturists or townspeople.

And he quotes here all the cogent arguments of Henry C. Carey by which the American economist succeeded in disproving Malthusianism: creation of good roads, of markets, of better methods and tools for agriculture, increasing price of and gains from the product, etc.<sup>25</sup> He does not ask, as he is logically obliged to do, whether, perhaps, the "improvement of agricultural skill" might not be the necessary sequel of growing population, due to the law of increasing division of labor which we owe to the genius of Adam Smith.

He does not ask this; but, just as was Malthus, he is of the opinion that the law of diminishing returns is only another variation of the law of population. It is downright fantastic that a scholar like Marshall, writing as recently as he did, could so expose himself to ridicule by professing this completely-exploded pseudo-law. No doubt, in the countries of modern capitalism in peace-time nowadays, "peoples have not at all the tendency of increasing beyond the nourishment prepared for them"; inversely, the

<sup>22</sup> P.E., VI, I, 3.

<sup>23</sup> P.E., VI, I, 6.

<sup>24</sup> P.E., VI, I, 7.

<sup>25</sup> P.E., IV, III, 6.

production of foodstuffs has outgrown the consuming population in such a degree as to be a grave danger for agriculture. And beyond doubt, the modern nations show the tendency of decreasing rather than increasing "in geometrical proportion." For this reason the laboring class is no longer taught that only "moral (or prudent) restraint" in begetting children can redeem them, but on the contrary, that it is their patriotic duty to beget as many children as possible in order to prevent the "suicide of the race."

All this does not seem to exist for Marshall. He goes the whole gamut. The comic caricature of true science which the present writer has dubbed "prophetic Malthusianism juggling with ciphers" has produced the following:

Meanwhile there will probably be great improvements in the art of agriculture; and, if so, the pressure of population on the means of subsistence may be held in check for about two hundred years, but not longer. . . . Unskilled laborers have seldom, if ever, shown a lower power of increase than of doubling in thirty years; that is, of multiplying a millionfold in six hundred years, a billionfold in twelve hundred.<sup>26</sup>

A development prophesied for a more or less distant future is relied upon to explain the phenomena of the past and present!

Marshall gives only very slight evidence that he was conscious of the large part violence played in the development of society. He mentions occasionally<sup>27</sup> "spoliation or fraud" in contradistinction to personal work, inheritance and fair exchange, without, however, drawing any inference from the facts. Regarding the monopolization of the land, he observes only this:

In the long run the earnings of each agent (of production) are, as a rule, sufficient only to recompense the sum total of the efforts and sacrifices required to produce them . . . with a partial exception in the case of land . . . especially much land in old countries, if we could trace its record back to their earliest origins. But the attempt would raise controversial questions in history and ethics as well as in economics; and the aims of our present inquiry are prospective rather than retrospective.<sup>28</sup>

The deadly sin against logic of abstracting from essentials has been committed here. No author, having once chosen his objective, has the right to dodge inconvenient or difficult questions, and certainly not pertinent or controversial ones.

<sup>26</sup> P.E., IV, IV, 4.

<sup>27</sup> P.E., IV, IV, 8.

<sup>28</sup> P.E., App. K, 2.

## VI

## Wages and Wage Theories

SCIENCE OWES TO Henry George the discovery of the general law of wages and its special application to capitalist wages: "Wages depend upon the margin of production, or upon the produce which labor can obtain at the highest point of natural productiveness open to it without the payment of rent." The term "wages," in this formula, means the reward of all labor, independent and dependent (self-employed and hired). The formula for hired labor alone may be expressed as follows: "The wages of a dependent producer are determined by the amount the marginal independent producer of equal qualification is able to earn."<sup>29</sup>

The marginal independent producer of "normal" or average qualification is represented, in a society without monopolization of the land, by the marginal peasant, possessing as much land as he wants and is able to till, and equipped with the required live stock, tools and plants. The marginal independent producer, however, in a society where the greater part of the soil is appropriated by massed large estates and where, consequently, the land is no longer freely accessible, is represented by persons exploiting natural resources not yet appropriated, such as wild berries, crystals, etc., or who render certain services requiring no expensive equipment, such as runners, messengers, hawkers, male and female prostitutes and so on. All this is simply "evident," i.e., needs no proof, and would have been adopted at once by all economists, if there did not exist that psychological law described by Archbishop Whately, that "even Euclid's axioms would be contested if they jeopardized mighty political or economic interests."

Bourgeois liberalism in former times used to explain wages by the so-called "Wage-Fund Theory." (The idea was that a fixed amount of money capital was needed to hire labor. This represents the demand on the labor market; the number of laborers represents the supply. The wage, then, is the quotient of the fraction: the wage fund divided by the number of laborers.)<sup>30</sup>

Marshall's own ideas about wages show the same indeterminateness and indistinctness we had repeatedly to complain of in other connections. He agrees, on principle, with Ricardo's notorious theory of wages: "The supply price of a certain kind of labor may for some purposes be divided up into

<sup>29</sup> Marshall here quotes Henry George's "Progress and Poverty," P.E., IV, XIII, 3.

<sup>30</sup> This doctrine is still held by some Rip van Winkles in our science, but Marshall is not among them. Marshall discards the theory, ("For the assumption of a fixed wage fund there is no foundation." P.E., VI, XIII, 4), following Mill's example in "Thornton on Labor," 1869.

the expenses of rearing, of general education and of special trade education."<sup>31</sup> And there is the still more explicit statement:

If the economic conditions of the country remained stationary sufficiently long, this tendency would realize itself in such an adjustment of supply to demand, that both human beings and machines would earn generally an amount that corresponded fairly with their costs of rearing and training, conventional necessities as well as those things which are strictly necessary, being reckoned for.<sup>32</sup>

The qualification, "conventional necessities," is designed to evade the consequence that the "Iron Law of Labor" is accepted here. Actually, however, Marshall is a believer in this pseudo-law, as every follower of Malthus is bound to be:

Any increase in their earnings would result in so great an increase of their numbers as to bring down their earnings to nearly their old level at their mere expenses of rearing. Over a great part of the world wages are governed nearly after the so-called iron or brazen law.<sup>33</sup>

Ricardo's doctrine, even in its less rigid formulation, allowing for the conventional necessities, has been disproved so often and so convincingly that one is almost ashamed to repeat the arguments. Unfortunately, economics is the science in which exploded theories continually enjoy a revival, and proved theories continually are secreted. Imagine a chemistry in which the ghost of phlogiston is permitted to appear, or an astronomy flirting with ptolemaism, and there you have the present state of "vulgar" economics.

Ricardo's doctrine rests on the confusion of the substance and its use, or, of buying and hiring. It is true that in static theory the purchase price of a machine corresponds to its costs of production: but its hiring price is something quite different. A human machine can be bought only where slavery is legally introduced, but only the use of human machines is for sale under capitalism; the laborer can be hired but not bought, and wages are the price, not of his substance, his labor power, but of its use, namely the services he renders, a price that does not correspond at all to the costs of "rearing and training him."

Marshall himself feels that this theory is far from satisfactory, even when accepted on principle. The qualification concerning the "conventional necessities" implies a high degree of indistinctness, and, what is worse, the ultimate inference is inescapable that the tendency of wages

<sup>31</sup> P.E., V, III, 3.

<sup>32</sup> P.E., VI, V, 7.

<sup>33</sup> P.E., VI, II, 3.

goes toward the iron law. For this reason he must look for a more accurate determination of this quantity; and he finds it in the doctrine of the Austrian school which, on its side, goes back to certain ideas of Thuenen. The latter wrote:

If on an estate where twenty families hitherto did the whole work, one family more is hired, and at the same time the beasts of burden are correspondingly increased, harvesting and sowing can be done in shorter and hence more advantageous time; the labor of sowing and harvesting can be done more thoroughly, and the grains can be threshed, the potatoes collected in a cleaner way. The management, therefore, ought continue hiring more families, until the return produced by the laborer last hired is equal in value to the wages he receives.

This was not meant, obviously, to be a wage theory. Thuenen had a theory of wages very different from the ideas contained in the passage quoted, but similar to those of Henry George. He determined wages by the income an independent peasant can earn on the next piece of land freely accessible to him.

The quoted passage says only that static equilibrium is not attained before the product of the last laborer is equal to the wage he gets. The wage is the independent, the expansion of the production the dependent variable: the standard of wages determines how far production is to be expanded; it is not held that the scope of the production determines the level of the wages.

The Austrian marginalists, however, misunderstood Thuenen precisely in this way: they believed wages to be determined by the scope of production which is comprehended as the independent variable. Their error rested, as Marshall aptly points out, upon the use of an ambiguous word. "To determine" can mean, first, to cause, and second, to measure something. Marshall uses the terms "to govern" and "to indicate"; he writes,

Many able authors have supposed that the net product at the margin represents the marginal use of a thing as *governing* the value of the whole. It is not so; the doctrine says we must go to the margin to study the action of those forces which govern the value of the whole. And that is a very different affair.<sup>34</sup>

He reasons correctly therefore, when he writes: "The competition of employers tends to adjust the wages of labor to its net product graduated according to efficiency."<sup>35</sup> Or: "The wages of every class of labor tend to be equal to the net product due to the additional laborer of this class."<sup>36</sup>

<sup>34</sup> P.E., V, VIII, 5.

<sup>35</sup> P.E., VI, XIII, 8.

<sup>36</sup> P.E., VI, I, 8.

But, unfortunately, this does not bring us one bit nearer our aim, a satisfactory theory of wages. It merely points out one of the numerous characteristics of the static equilibrium. It does not tell us where this condition exists, or how it comes about; but solely that, if it exists, wages will be equal to the marginal product of the marginal laborer, just as it would imply that supply and demand would be equal, that the marginal producer would be of average qualification, or that the marginal acre would yield only wages and profit, but not rent, and so on.

Moreover, the statement does not even allow us any approach toward our aim. Marshall correctly emphasizes that the adjustment takes place only in static equilibrium,<sup>37</sup> but this is never attained. Furthermore, Thuenen developed his law on the example of an agrarian enterprise, a rather important one, employing twenty laborers' families. The manager of such an estate can easily find out what work could be better done if one or more additional families were hired. Characteristically, Marshall illustrates his parallel opinion, rather contrary to his usual procedure, by cases of similar simplicity: a railway company considering whether to hire an additional guard for a particular train to gain some minutes; and an agricultural manager considering whether to hire additional shepherds.

It remains, however, the secret of the Austrians and of Marshall how the managing director of a large industrial plant could find out the money value of the product of the last laborer in order to adjust his output correspondingly. He sees himself that

Of course the net product of an individual cannot be separated mechanically from that of others who are working together with him.<sup>38</sup>

And, last but not least, this consideration presupposes that the industrial entrepreneur, by a law of nature, as it were, can always find as many hireable laborers as he wants. The wage system is assumed as "normal" or "natural."

<sup>37</sup> P.E., VI, II, 7.

<sup>38</sup> P.E., VI, II, 7.

(Continued)

## The Living Spirit and the Economic Man

IS THE HUMAN SPIRIT, the concept of the "free spirit of man" which has been advanced by truly democratic reformers, within the scope of economics as a realistic science? Rudolph Christoph Eucken, the German philosopher (1846-1926), addressed himself to this problem in a passage in his "Socialism: An Analysis" (tr. by Joseph McCabe, New York, Scribner's 1922, pp. 169-70):

It is one of the limitations of Socialism that in its economism it knows no such thing as independent spirituality, or treats it merely as an appendage of the material. Hence even in the best cases Socialists must put material prosperity in the first place. This means a lowering of the standard of things which require an independent spirituality, and an absence of independent contacts.

Here we have the fundamental error of this naturalistic Monism. It regards the psychic life as merely a process in individual minds, and recognizes no connection through a common life. When it thus confines its attention to individuals, it can justly claim that the individual life is closely associated with others, and that even the frontiers between animal and human life are not rigid. But it fails to appreciate the profound fact that in the case of man the psychic life does not consist of separate points; it runs together into a common life. This common life has an extraordinarily rich content, and it has quite different features from those of nature. It is this connectedness that makes history and society in the strict human sense possible; it alone gives rise to conceptual language and culture, and facilitates the branching of culture into the independent provinces of law, morals, art, and science. It is, in fact, only in this soil that an independent economic life is possible; for there is a vital difference between the mere natural impulse to assert oneself in the struggle for life and the effort to bring about a common economic order. The main idea of the latter presupposes a spiritual and independent activity. The mere clash of natural impulses could never lead to the construction of an economic life.

Naturalistic economism shares with materialistic naturalism the defect of treating natural existence as the chief world, and then applying to its intellectual adaptation powers of thought which are unintelligible within the bounds of nature. This contradiction in theory leads to contradiction in action. Concern about the material world cannot be regarded by a spiritual being as the main object of life.

For its provocativeness alone, Eucken's passage deserves to be better known to students of the social sciences.

FRANCIS NEILSON

# Henry George: The 'Progress and Poverty' Period\*

By ANNA GEORGE DE MILLE

1

## The "Gas Measurer"

HAVING TO PART with *The San Francisco Evening Post* was a sorrow to Henry George. But he was not given to self-pity. Next day he wrote to John Swinton, special writer on *The New York Sun*:

It is all in a lifetime, and I have seen too much to think I can certainly tell what is good and what is evil fortune. Perhaps this "will be the making of me." Anyhow I gained valuable experience—or experience that will be valuable if I don't forget all about it....

Now instead of asking you to write for me, I have to ask you if you know of any Eastern papers for which I could write. I must make a living, and do not feel like going to work for any of my newspaper rivals here. Of matters in this end of the world I am probably better informed than most of the people who correspond with your papers.<sup>1</sup>

A few weeks later he wrote again to Swinton, explaining why he was through with San Francisco journalism:

They look on me as a pestilential agrarian and communist and will avoid what they call my hobbies. But they do not know it, the very aggressiveness and radicalism of *The Post* was its strength. In making a paper that will not affect gunny bags, they will kill it as you will in time see.... I ran *The Post* for four years lacking a week, and successfully. If I never do anything more I have the satisfaction of knowing that I have perceptibly affected public thought and planted ideas which will some day bloom into action. As for being depressed I am not—twenty-four hours are enough for me to cry over spilt milk.<sup>2</sup>

George had aided in the election of William S. Irwin as Governor of California. Mr. Irwin, after assuming the Governorship, named George to an appointive post, State Inspector of Gas Meters. The erstwhile editor was grateful for the pay that went with the sinecure. But it became

\* Copyright, 1943, by Anna George de Mille. A section of a previously unpublished study, "Citizen of the World"; see AM. JOUR. ECON. SOCIO., Vol. 1, No. 3 (April, 1942), p. 285n. Previously published studies in Mrs. de Mille's series are "Henry George: Childhood and Early Youth," *ib.*; "Henry George: Early California Period," 1, 4 (July, 1942), pp. 431ff.; "Henry George: The Formative Years," 2, 1 (October, 1942), pp. 97ff.; "Henry George: The Dedication Period," 2, 2 (January, 1943), pp. 231ff.; and "Henry George, the Editor," 2, 3 (April, 1943), pp. 377ff.

<sup>1</sup> Nov. 28, 1875. In the Henry George Collection, New York Public Library (hereafter abbreviated as HGC).

<sup>2</sup> Dec. 2, 1875, HGC.

monotonous work for a man of his temperament—going from house to house testing meters and fastening brass seals on those that met the legal requirements. His reduced income, moreover, required him to curtail drastically his living expenses. However, he penned a cheerful and reassuring account of his adjustment to his new station to his father some four months after he, with the assistance of his brother, Val, had taken up the new position:

The feeling here among Democrats seems strong for Tilden, tho for my part I think if anything I should prefer Thurman. I took no part in the Convention. I think as a general rule State Conventions are good things to keep out of. But I want to take part in the campaign. I have done writing enough and now I propose to see if I cannot do a little speaking. I don't want to go back to the newspaper business for some time to come. I have started in to read law, and intend to employ my leisure in that way as much as I can, and before my term of office is out get admitted to the bar. It will be a good thing for me, even if I never practice, but I believe if I stick at it I will ultimately do well at the profession. This office is good to hold while I get a little money; but the next one I go for will be one of prominence and honor.

I should very much like to get on this summer; but if the way to do it does not seem clear I will not repine. God has been too good. There has been no period in my life when I felt so contented and happy. I do not have to work hard; I am gradually getting on a sound financial basis, and can look forward to a reasonable probability of having enough to take care of myself and all whom it is my duty to look out for. . . .<sup>3</sup>

During this break in his journalistic career, George found his family a great consolation. He indicated this in the same letter:

. . . In all this Pacific Coast, yes in all the United States—there is no happier home than mine. It is now nearly fifteen years since Annie and I were married, and we are more lovers today than we were then, while our three children are nothing but pleasure and pride.

The boys in school nickname Harry the orator. They are always glad to hear him speak. His last piece is Mark Anthony's address over the dead body of Caesar. He recites it splendidly, not like a parrot, but with fervor and meaning.<sup>4</sup> Dick recited for me the other night almost the whole of "Horatius" and that is a very long poem; while little Jen, not to be outdone, recited "The Night Before Christmas." . . . The boys know more of Shakespeare than I did at twenty-five and are fast picking up, without any strain, a knowledge of history, etc.

The ambition of writing a book that would claim attention was not yet developed in him. He had his eyes fixed on public life; but he did not

<sup>3</sup> From Western House, Marysville, Calif., May 26, 1876. (In the private collection of the writer.)

<sup>4</sup> Henry George, Jr., won only second prize in the elocution contest at school, however; his classmate David Warfield, who was to make his career in the theatre, won first.

yet know he was to come before the public as an author. His personal insecurity still dominated his thinking:

If it were not for the embarrassed way in which I got out of *The Post* there would be no difficulty about our coming to the Centennial [Exposition] in style.<sup>5</sup> But I can see my way clear now and don't propose to get in debt again. I have never been an improvident or a reckless man. I have always had some main object in view, and have always worked my way steadily nearer and nearer to it. Money has never been my main object—but position which was to be my capital. Now I want to concentrate, get fixed easily as to money matters and study and think, and then when I get ready I will come permanently before the public again in some way or other.<sup>6</sup>

As inspector of gas meters he was obliged to travel about the State. On his trips he made interesting personal contacts and was able to acquaint himself with local conditions. The hours for inspection were necessarily short; his job allowed him time not only to read law but to do some writing. He wrote articles for *The Sacramento Bee*, took an active interest in the work of the Legislature, and entered vigorously into the Tilden-Hayes campaign.

His first speech for Tilden, whom he believed to be a free trader, was delivered before a large and distinguished audience in Dashaway Hall. It was not an extemporaneous political harangue, but was a carefully-prepared analysis of economic conditions; he considered the "contest to be a solemn, momentous inquiry, demanding from each voter a conscientious judgment."<sup>7</sup> He read it slowly and with deliberation. A few sentences show its tenor:

The federal tax-gatherer is everywhere. In each exchange by which labor is converted into commodities, there he is, standing between buyer and seller to take his toll. Whether it be a match or a locomotive, a dish-cloth or a dress, a new book or a glass of beer, the tax-gatherer steps in. . . .<sup>8</sup>

He sketched vividly the social conditions of the time:

See seventy thousand men out of work in the Pennsylvania coal-fields; fifty thousand laborers asking for bread in the city of New York; the almshouses of Massachusetts crowded to repletion in the summertime; unemployed men roving over the West in great bands, stealing what they cannot earn. . . . It is an ominous thing that in this Centennial year, States

<sup>5</sup> The Philadelphia Centennial Exposition of 1876.

<sup>6</sup> *Loc. cit.*

<sup>7</sup> "The Question Before the People," delivered on Aug. 15, 1876, before the Tilden-Hendricks Central Club. See scrapbook TIQB, p. v, 3, no. 6, HGC. Quoted in part by Henry George, Jr., "The Life of Henry George," New York, Robert Schalkenbach Foundation, pp. 266-8.

<sup>8</sup> *Ib.*

that a century ago were covered by the primeval forest should be holding conventions to consider the "tramp nuisance"—the sure symptom of that leprosy of nations, chronic pauperism. . . . What can any change of men avail so long as the policy which is the primary cause of these evils is unchanged?<sup>9</sup>

Such a success was this discourse that it was printed and used as a campaign document. In spite of George's lack of oratorical training, he was invited to "stump" the state. This gave him a reputation as a speaker and he was asked to deliver the final address of the campaign.

The failure of the campaign did not depress him, for his personal fortunes had risen in spite of it. He wrote his mother:

Whether I go into politics, into the law or into the newspaper business again . . . I do not intend to rest here; but to go ahead step by step. . . . I propose to read and study; to write some things which will expand my reputation, and perhaps to deliver some lectures with the same view. And if I live, I shall make myself known even in Philadelphia. I aim high.

So far as my personal interests are concerned, defeat is as good as a sweeping victory—in fact, I think better, as a man of my kind has a chance of coming forward more rapidly in a minority than in a majority party. However, about all such things, I am disposed to think that whatever happens is for the best. Talent and energy can nearly always convert defeats into victories.<sup>10</sup>

There had been no chair of political economy at the University of California. The university authorities planned to establish one, and Henry George was suggested for the place. On this account, he was invited to deliver several lectures at Berkeley before the students and faculty.

He accepted with alacrity, for to teach economics at a college was one of his dreams. He took much care with the preparation of the first lecture, "The Study of Political Economy." It ran about 5000 words. In the paper he made no attempt to expound his own theories about how the unequal distribution of wealth might be corrected; he contented himself with arguing that this branch of learning was vitally important because it

. . . concerns itself with matters which among us occupy more than nine tenths of human effort, and perhaps nine tenths of human thought. In its province are included all that relates to the wages of labor and the earnings of capital; all regulations of trade; all questions of currency and finance; all taxes and public disbursements—in short, everything that can in any way affect the amount of wealth which a community can secure, or the proportion in which that wealth will be distributed between individuals. . . .

But George was not concerned merely with defining the scope of the science. He stressed its intimate connection with public policy. The ad-

<sup>9</sup> *Ib.*

<sup>10</sup> Nov. 13, 1876, HGC. Quoted in part by Henry George, Jr., *op. cit.*, p. 271.

dress was notable for its simple but forceful expression of what later came to be known in economics as the welfare point-of-view:

If you trace out the laws of the production and exchange of wealth, you will see the causes of social weakness and disease in enactments which selfishness has imposed on ignorance, and in maladjustments entirely within our own control.

And you will see the remedies. Not in wild dreams of red destruction nor weak projects for putting them in leading-strings to a brainless abstraction called the State, but in simple measures sanctioned by justice. You will see in light the great remedy, in freedom the great solvent. You will see that the true law of social life is the law of love, the law of liberty, the law of each for all and all for each; that the golden rule of morals is also the golden rule of the science of wealth; that the highest expressions of religious truth include the widest generalizations of political economy.<sup>11</sup>

The students seemed to like the lecture. By the faculty, generally, however, its reception was polite but chilly. George surmised that we would not be invited to appear at the University of California again. And to his deep regret, he was not. As it turned out, he suffered no loss; but the institution did. "The University of California missed the chance to have what would have been its most famous professor."<sup>12</sup> The university board evidently sensed in the man, who himself had quit formal schooling before the age of fourteen, a fearless contempt for the "paraphernalia of learning,"<sup>13</sup> a dislike of pedantry and a firm conviction of a necessary relation between knowledge and power, thought and action, which would disqualify him in the eyes of defenders of the status quo.

Whatever the motives that influenced the board in ending its consideration of George as a candidate for the chair, his friendships with John LeConte, president of the university; with Joseph LeConte, the physicist, the president's brother; with William Swinton, brother of John Swinton, whose field was belles-lettres, and with others of the faculty were not affected.

A few months after his appearance at Berkeley, George was chosen by a group of citizens of San Francisco to be the orator of the day at a Fourth of July celebration in the California Theatre. The place was crowded. George's address was scholarly, but too long. Once again, however, it gave evidence of his foresight. He anticipated the currents that were to bring

<sup>11</sup> Delivered on March 9, 1877, the lecture was first published in *The Popular Science Monthly*, March, 1880. It has since been reprinted many times in pamphlet form. Cf. "The Writings of Henry George," New York, Doubleday, McClure, 1901, Vol. IX, p. 135.

<sup>12</sup> Miriam Allen de Ford, "They Were San Franciscans," Caldwell, Idaho, Caxton Printers, 1941, p. 129.

<sup>13</sup> "The Study of Political Economy," *loc. cit.*

the English-speaking nations together in international affairs and to produce efforts for a society of nations as an instrument for outlawing war:

Is it too soon to hope . . . that it may be the mission of this Republic to unite all the nations of English speech, whether they grow beneath the Northern Star or Southern Cross, in a league which, by insuring justice, promoting peace, and liberating commerce, will be the fore-runner of a world-wide federation that will make war the possibility of a past age, and turn to works of usefulness the enormous forces now dedicated to destruction.<sup>14</sup>

Ending with an apostrophe to liberty, the oration was an occasion of wonder to his friends and of commendation from most of the newspapers. The critics were not unanimous in praise, however. *The News Letter* stated that the "gas measurer . . . kindly spoke for several hours on the Goddess of Liberty and other school reader topics."<sup>15</sup>

The political star of the "gas measurer" was still rising. A group of workingmen who were strongly anti-Chinese urged him to accept the nomination for State Senator. But now the urge to write was on him again and he declined. After the day's meter inspections were done, he read history and wrote an inquiry into recurring industrial depressions. When the essay was finished, he read it to his friend, Edward Robson Taylor.

Taylor, a doctor of medicine as well as of laws, was one year older than George. He had served as purser on a Sacramento River steamboat, had set type and written for a newspaper, had been private secretary to Governor Haight, and was now the latter's law partner.<sup>16</sup> He wrote good verse and was a lover of the arts. Among his intimate friends were authors, artists and actors of note.

Dr. Taylor was greatly impressed by George's analysis of the coincidence of progress and want. George wished to give the essay to a magazine. Taylor urged him, instead, to expand it into the book that James McClatchy, editor of *The Sacramento Bee*, had been begging him to do. George himself had realized, after he had finished "Our Land and Land Policy" in 1871, that some day he would have to write a longer book in order to work out his views systematically. Now, in this lull in the press of personal concerns, after six years of newspaper work and study of public affairs, the time to write that book had come.

<sup>14</sup> "The American Republic, Its Dangers and Possibilities," in "The Writings of Henry George," *op. cit.*, Vol. IX, p. 157.

<sup>15</sup> Henry George, Jr., *op. cit.*, p. 288.

<sup>16</sup> After the great earthquake of 1896, he served a term as Mayor of San Francisco. Later he became dean of the law school at the University of California.

On September 18th, 1877, he wrote in his diary:  
"Commenced 'Progress and Poverty.'"<sup>17</sup>

## 2

### The Message

THE WHOLE COUNTRY, in the winter of 1877-8, seemed to be passing through a period of severe business depression. In several of the eastern states railroad strikes occurred and, after riots had broken out, troops were called in to restore order. In California, drought injured the crops; the output of the mines was reduced, and at this low ebb in the state's resources the Central Pacific Railroad undertook to reduce wages. Under the strain, in California as elsewhere, there were many financial crises and banking collapses.

For the family of the inspector of gas meters this meant hard times. Henry George's income had grown appreciably smaller. The Georges had to move to cheaper quarters and to cut down expenses at every other point. To help eke out a living, George turned to seeking paid lecture engagements. A group of his friends, who had adopted his ideas of social reform, formed themselves into an association which they called the Land Reform League of California. This was the pioneer organization devoted to the propagation of his teachings. One of the first things the group did was to arrange a lecture by their leader. George stopped work on his book to write the address.

In their enthusiasm, George's friends rented Metropolitan Temple, a huge auditorium, for the occasion. The audience was disappointingly small, and in the vast hall it was swallowed up. George was keenly aware of the importance of the doctrines he was expounding and of his responsibility for launching them; and he was self-conscious about his lacks, in training and natural gifts, as a speaker. The whole situation gave him a paralyzing attack of stage fright. Although he conquered this nervousness he read, none too convincingly, his discussion of "Why Work Is Scarce, Wages Low and Labor Restless."<sup>18</sup> In it he voiced a prophecy:

The standard that I have tried to raise tonight may be torn by prejudice and blackened by calumny; it may now move forward, and again be forced back. But once loosed, it can never again be furled. . . .<sup>19</sup>

The meeting was a bitter disappointment; his plea for an awakening to truth, as he saw it, fell upon few ears, and, for the most part, deaf ones.

<sup>17</sup> See George's Diaries, HGC.

<sup>18</sup> March 26, 1878.

<sup>19</sup> HGC, Scrapbook TIQB, p. v. 3; Henry George, Jr., *op. cit.*, p. 296.

The lecture caused little stir in San Francisco. Undaunted he repeated it in other parts of the state and there he had somewhat better results. It was an ambitious undertaking, and, as he wrote John Swinton,

an attempt to put into popular form a great truth which marries political economy with common sense, and which once appreciated is the key to all the social problems of our time. Of course the exigencies of a popular lecture prevent the exhibition of the truth in its full form, but the clue is there which can be worked out by any one who will catch it.

It is of course a most unsatisfactory thing to publish anything on the circumference instead of at the center of thought, and I some time ago, made up my mind not to do it, but the necessities of the time have compelled me.

The seed that I have for years been sowing is springing up on every hand. I have made to principle sacrifices that were very bitter, but in my own time, I can see what at first I never expected to see, the result of my work. Where I stood alone thousands now stand with me. The leaven is at work. And there can be but one result. But the struggle will be long and fierce. It is now only opening.<sup>20</sup>

For all George's disappointment over the Metropolitan Temple meeting, for all his self-consciousness as an apprentice public speaker, there were some friends at least, who saw in him the oratorical talents that later were to win him recognition as one of the great platform performers of his time. Several months later, the Young Men's Hebrew Association was formed by a group of San Franciscans and they invited George to address them at their first gathering. He did so, delivering a lecture, "Moses," which he had written especially for the occasion. It proved to be the first of several of his minor papers to win a permanent place in American belles-lettres, not for the novelty of its ideas, but for the grace of their expression:

"No man knoweth of his sepulchre unto this day." But while the despoiled tombs of the Pharaohs mock the vanity that reared them, the name of the Hebrew who, revolting from their tyranny, strove for the elevation of his fellowmen, is yet a beacon light to the world.

Leader and servant of men! Law-giver and benefactor! Toiler toward the promised land seen only by the eye of faith! Type of the high souls who in every age have given to earth its heroes and its martyrs, whose deeds are the precious possession of the race, whose memories are its sacred heritage! With whom among the founders of empire shall we compare him?

To dispute about the inspiration of such a man were to dispute about words. From the depths of the unseen such characters must draw their strength; from fountains that flow only from the pure in heart must come their wisdom. . . .

<sup>20</sup> San Francisco, June 2, 1878, HGC.

The discourse marked the maturity of George's style.

His enthusiasm for the Biblical leader arose from a feeling of kinship with him:

Moses saw that the real cause of the enslavement of the masses of Egypt was what has everywhere produced enslavement, the possession by a class of the land upon which and from which the whole people must live.<sup>21</sup>

The address was no mere propaganda talk. Into it George put the solid learning of the family fireside Bible study circle in Philadelphia and of his later reading, developing a eulogy of the religious teacher as a living moral leader, and an exposition and critique of our heritage from his times, the Mosaic code:

Everywhere in the Mosaic institutions is the land treated as the gift of the Creator to His common creatures, which no one has the right to monopolize. Everywhere it is, not your estate, or your property, not the land which you bought, or the land which you conquered, but "the land which the Lord thy God giveth thee"—"the land which the Lord lendeth thee." And by practical legislation, by regulations to which he gave the highest sanctions, he tried to guard against the wrong that converted ancient civilizations into despots. . . .<sup>22</sup>

Yet, for an understanding of George as a social student, it is interesting to observe that in this essay he did not sacrifice practicality for eloquence. Amidst the glowing passages he struck the note that was to mark his approach, insisting in the common sense way that later was to win him a wide hearing:

I do not say that those institutions were, for their ultimate purpose, the very best that might even then have been devised, for Moses had to work with the tools that came to his hand, and upon materials as he found them. Still less do I mean to say that forms suitable for that time and people are suitable for every time and people. I ask not veneration of the form, but recognition of the spirit.<sup>23</sup>

The audience was deeply moved. Dr. Taylor was inspired, too, by the beauty of the parchment. It led him to urge, however, that there be no more interruptions of George's work on his book.

It was interrupted, nevertheless, for the writing of occasional timely

<sup>21</sup> It was delivered early in June, 1878. The ms., entitled "Moses, or Leader of the Exodus," galley proofs, and a printed copy, cut and corrected, are in Box V, HGC. In pamphlet form the essay has gone through many editions in various parts of the world and it is found in several collections. For the definitive edition, currently, see that published by the Robert Schalkenbach Foundation, New York, or the Henry George Foundation of Great Britain, London, or the Henry George Foundation of Australia, Melbourne.

<sup>22</sup> Ib.

<sup>23</sup> Ib.

articles and for the organization and establishment of the Free Public Library of San Francisco, which later, with its branches, was to become the most complete library west of the Rockies.<sup>24</sup> Henry George was the first secretary of the original board of trustees. The early minutes of the board were inscribed in the same blue ink which he was using in writing his manuscript.

But the chief interruption came when George ran for delegate to the convention to be held for the general amendment of the State Constitution. Knowing that if he were elected he might succeed in having written into the laws of California his proposal for the taxation of land values, he issued an appeal of less than a thousand words, "To the Voters of San Francisco." It was a trenchant statement of his idea:

. . . Holding that an aristocracy of wealth is even more pernicious than an aristocracy of birth, that the system which puts the livelihood of one man into the power of another is as truly slavery as that which makes property of the person; that political corruption is more potent than armies for the destruction of liberty; and that justice is the only firm foundation of the State, I shall endeavor, as I have power, to so amend the Constitution—

That the weight of taxation may be shifted from those who . . . produce wealth to those who merely appropriate it, so that the monopoly of land and water may be destroyed . . . and an end be put to the shameful state of things which compels men to beg who are willing to work.<sup>25</sup>

The Land Reform League worked vigorously in his behalf. Both the Democratic party and the Workingman's party nominated him. With these groups pledged to support him, he seemed certain of election until, at the Workingman's party ratification meeting, he was asked to acknowledge the leadership of the political boss, Dennis Kearney, and to accept his platform. Several planks of the Kearney platform George vigorously opposed. He refused to have any man his master, to think for him. He almost shouted, "No!" His speech was hissed, his nomination revoked. At the polls the Democratic ticket was beaten. George, however, received more votes than any other candidate of the party.

The nomad family had now moved to a pleasant old house on First Street, near Harrison,<sup>26</sup> situated on the crest of the hill and commanding a sweeping view of the South Bay. They were forced by their circumstances to live in the simplest manner. There were debts and difficulties

<sup>24</sup> The law providing for such libraries was passed in 1878; see Mr. Stephen Potter's "Reminiscences," in the private collection of the writer.

<sup>25</sup> San Francisco, May 3, 1879, HGC.

<sup>26</sup> It was on the spot where the Oakland Bridge now begins.



Where "Progress and Poverty" Was Written: Henry George's home in 1878-9 at 417 First Street, San Francisco. From a photograph by J. J. Thomas of Auckland, N. Z., May 7, 1902, in the writer's possession. (The man shown is an unidentified bystander).

and sacrifices; but these financial troubles did not touch the happiness they found in one another.

The room in which George worked, although it was cluttered with books and papers, was spacious and cheery.<sup>27</sup> Its three large windows looked out on hills and bay, on boats of all kinds and on swirling sea gulls. A large table in the center served as a desk, and it was here that he wrote. Most of his reading or deep thinking was done as he stretched out on the lounge, although often, when pondering some point, he would pace the floor, or stand at a window, gazing into the distant hills, humming a tune the while and beating a rhythm on the pane with his fingers.

This proximity to the water was a joy to Henry George. On the long summer evenings he would walk down to the wharf, hire a sail boat and, with his two boys, go skimming over the waters until dark. Sometimes they would take their young cousin, Will McCloskey, along. On one of these occasions George, as skipper, sailed them around the old government tender *Shubrick*, the side-wheeler on which he had travelled west. Weathered and battered she was now, and ready for Davy Jones's locker.<sup>28</sup>

By the time George had completed his book, his oldest child, Henry, Jr., had finished grammar school. The boy then became his father's amanuensis. Mrs. George had a share in the work, checking the "fair" with the working copy of the manuscript. The friends, of whom there were many, and each of variant type and opinion, gave him encouragement by their faith and belief in him. All in the loyal group, probably shared Dr. Taylor's opinion that here was a book in the making that was going to mean something for the betterment of humanity.

At last, in March, 1879, nearly a year and a half after George had started it, the book was completed. He had thought to call it "Must Progress Bring Poverty," or "Wealth and Want"; he ended by entitling it "Progress and Poverty." He was not wholly satisfied; he felt that it covered "too wide a scope for one volume,"<sup>29</sup> and that the part relating to the development of civilization was but a skeleton of the thought he wanted to present. "But at least an outline seemed to me essential, and I did not know, even if I lived, if I should ever find opportunity to write again."<sup>30</sup> But he found satisfaction in it. On the night when he finished

<sup>27</sup> Henry George, Jr., *op. cit.*, p. 301, and letter to the writer from Wm. Cleveland McCloskey, San Francisco, May 14, 1927.

<sup>28</sup> McCloskey, *loc. cit.*

<sup>29</sup> Letter to Charles Nordhoff, Dec. 21, 1879, HGC; quoted by Henry George, Jr., *op. cit.*, pp. 327-9.

<sup>30</sup> *Ib.*

the final chapter, he later recalled: "I felt that the talent intrusted to me had been accounted for—felt more fully satisfied, and more deeply grateful than if all the kingdoms of the earth had been laid at my feet."<sup>31</sup>

The depth of his purpose, the purity of his dedication, however, were only revealed after his death, when the Rev. Thomas Dawson, an Oblate of Glencree, Ireland, made public a letter the author had written him on February 1st, 1883. In it, George shared a confidence:

Because you are not only my friend, but a priest and a religious, I shall say something that I don't like to speak of—that I never before have told to any one. Once, in daylight, and in a city street, there came to me a thought, a vision, a call—give it what name you please. But every nerve quivered. And then and there I made a vow. Through evil and through good, whatever I have done and whatever I have left undone, to that I have been true. It was that that impelled me to write "Progress and Poverty" and that sustained me when else I should have failed. And when I had finished the last page, in the dead of night, when I was entirely alone, I flung myself on my knees and wept like a child. The rest was in the Master's hands. That is a feeling that has never left me; that is constantly with me. It has made me a better and purer man. It has been to me a religion, strong and deep, though vague—a religion of which I never like to speak, or make any outward manifestation, but yet that I try to follow. . . .<sup>32</sup>

<sup>31</sup> Preface to "Science of Political Economy," London, Henry George Foundation, p. viii.

<sup>32</sup> See A. G. de Mille, "Henry George: the Dedication Period," *op. cit.*, p. 235n.

## Cabinet vs. Presidential Government

WE ARE RIGHTFULLY PROUD of our country's rôle as the "arsenal of democracy," but the Washington political scene evokes an appropriate humility. The bickering between the President and the Congress is gloomily accepted by the American people as one of the crosses they must bear if they would preserve their democratic institutions.

This defeatist attitude results from a gross ignorance of the democratic machinery in other lands, and a tendency to attribute our political ills to the malevolence of personal devils. All the other English-speaking democracies have chief executives who are in fact the choice of the majority of the legislative branch of government, and they continue in office only for so long as they retain the confidence of that majority. The experience of Britain, the Dominions and the Continental democracies shows that the Washington type of feud and confusion cannot exist under a system of parliamentary supremacy. Our system provides us with an executive who can neither control the Congress nor be controlled by it, and the resulting caterwaul is heard around the world.

Our plan of electing a President by popular vote has been adopted by few countries other than those in Latin America where its failure has been even more conspicuous than here. Wherever it has been tried it has led to conflicts between the executive and the legislative branches of government, and in Latin America that conflict has been frequently resolved by violence and the establishment of some kind of personal and irresponsible government.

The Chinese, after carefully examining the history of all the democratic nations, have provided in their draft constitution (Art. 32) that their Congress shall have the power both to elect and to recall their chief executive. Although this constitution cannot go into effect until peace is restored there can be no doubt that they will adopt the parliamentary rather than the presidential system.

Our failure to adopt the parliamentary system is in part due to our chauvinistic provincialism which precludes us from profiting from the experience of the rest of mankind. But even more it is due to the timidity of those who know how democracy can best function but are overawed by the political apathy and conservatism of the American people. Perhaps the continuing crisis in Washington will make us realize that our trouble is institutional and not personal. "Hating Roosevelt" is a practice which presumably affords some psychic satisfaction to those who indulge in it, but it is a poor substitute for a needed amendment to our Constitution.

GLENN E. HOOVER

## Work Relief in an Internment Camp

### *A Self-Help Experiment in an English Aliens' Detention Center*

By RUTH BORCHARDT

#### I

THERE WE WERE, 4,500 interned alien women, fairly comfortably settled in the boarding houses of Port Erin, Isle of Man, for an indefinite period—with nothing whatever to do. The men had the chance of earning *sh* 1.7 per day. We had been clamoring for regular paid work since May. Now, in September, there was still no prospect of it with winter, and a curfew moving up to five in the afternoon, impending. Besides, many of us had come to the end of our savings. Nothing undermines self-respect so much as not having a penny to spend. The camp authorities distributed some sanitary articles. For cleaning our shoes the landladies' floor polish did well enough. But where were stockings and underwear, even buttons and mending yarn, to come from?

So, between us, we dug up reminiscences of the olden days of the "Schemes for Productive Unemployment Relief" devised by the late Emil Lederer, and by Prof. Edouard Heimann, now in New York. After four weeks of patient labor we got the ear of the Commandant. And the unexpected happened: no endless discussions about the Buts and Ifs and weltanschauliche Voraussetzungen ensued. "Go ahead and try." This openmindedness and flexibility were, indeed, the advantages of the English attitude of muddling through.

The idea of the "Service Exchange" was simple enough on the surface: instead of everybody doing everything for herself, let each do what she knows how to do best and exchange it for what the others know how to do better. That is, we proposed to raise the standard of living by introducing into camp life the principle of the division of labor. As a means of exchange we proposed work receipts, "Service Tokens."

Thus, boldly, we set out to create nothing less than an artificial market economy. Perhaps this was the first scheme for diversified productive unemployment relief ever to be put into practice? We thought so, unaware of the experience with self-help co-operatives in the United States in the early thirties.

## II

ON THE 19TH OF SEPTEMBER, 1940, we put up a notice<sup>1</sup> asking for experts in sewing, cutting, dressmaking, knitting, embroidering, stocking ladder repair, brassiere and corset making, fur repair, laundry work, hair-dressers, beauty culture, massaging, field and garden work, carpentering, wood chopping, handicraft.

All we offered was payment in "tokens," of which one of us was busy producing some thousands by cutting up cornflake boxes into small squares and putting a rubber stamp to them: our mint. This one may call politely "a currency backed by the productivity of the community," but we preferred not to have pointed out to us striking resemblances of our method to that employed by certain countries to-day.

Then we waited; would a single soul turn up?

To our surprise during the first two weeks 1,200 women volunteered. Boredom and dire need caused them to.

We started from scrap. The Commandant granted a small empty room for an office. Some unstable chairs and two tables were procured from sympathetic landladies. Wangling writing paper, pencils, filing cards and coal for a fire out of the officer in charge was our first encounter with the tough opposition of petty camp red tape, which was to remain our main difficulty to the end. The Commandant contributed about £20.- worth of tools and initial equipment. Between us we raised £2.- in cash for the purchase of materials. This and the credit our workers were unwittingly granting us by accepting our tokens for payment constituted our starting capital.

One of the intricacies of the scheme was that, in order to establish an exchange of services, we had to set several departments going simultaneously. Within six weeks we had a busy laundry going. A hairdresser's salon and beauty parlor were set up in the "Gentlemen's" of one of the big hotels. In a room adjoining our office some cutters worked; here the work was dealt out to the women to be finished at home and inspected again, and here, also, some milliners found a place in which to work. Gardeners extended the allotments which had been initiated by the Quakers before. Work was dealt out to the knitters. We secured a shop of a sort, a stone-floored, dark, back room without heating (it was November by now), which our carpenter fitted with shelves and counters from old boxes. People came and suggested handicraft articles. Handicraft, a thousand odds and ends, were to become our main form of employment

<sup>1</sup> The text, verbatim, is given in the appendix.

as it involved least per capita expenditure for material. The ingenuity displayed by the handicraft workers was incredible and perhaps the best feature of the scheme.

### III

THE CREATIVE ENERGIES set free, and the daily cares reduced to a minimum, were gratifying. But it was interesting to notice how the workers were stimulated by the prospect of *payment*, be it even in bits of cardboard. Occupation, doing things for their own sake, is one thing. But for the majority only *work* can give the proper interest to life, and this conception seems to be closely linked with the profit motive, even though board and lodging may be provided and however uncertain the character of the profit may be. With the average individual, income earned appears to be the yardstick of development, for achievement, the symbol for time fruitfully employed and not wasted. The absolute buying power seems to be relatively unimportant, for people adapt themselves fairly easily to new standards once these hold true for the whole community.

We paid two tokens for a half-day of work, no matter how skilled or unskilled the worker. This naturally caused some difficulties with the more skilled workers. The omission of wage differentiation was not adopted for ideological or "socialist" reasons, as some suspected, with approval or disapproval. But any attempt at paying according to a wage scale copied from the life outside would have led to endless arguments and continual unrest. Owing to this we found ourselves short of experts at times, costume tailors for instance, who preferred to work "black" for internees able to pay them in cash. On the other hand, paradoxical as it may seem in the light of the remarks above, it was surprising how many good workers devoted their time to the "Service Exchange," accepting spiritual values—social esteem, a change from the dreary boarding house atmosphere, the fun of co-operating in this venture—as part of their wages.

As there was never enough work to go round, employment was limited to six half-days per week. We always aimed at having every precious tool employed full time. This meant running a shop, an office, a laundry, field work, wood chopping, the cutter's and milliners' workshop in two shifts, which, in these circumstances, was enough to make one's hair stand on end. This sharing of tools was a marked disadvantage; it definitely lowered the standard of responsibility and caused much bickering.

If twenty-four tokens had been earned in the fortnight, eight of them could be exchanged for *sh* 2.3 in cash per fortnight. This money the

Commandant had conceded from a Home Office employment fund. For nearly a year these *sh* 2.3 were the one and only chance of earning money in the women's camp. This cash greatly increased the trust in our tokens. Also, by drawing, on the average, one-quarter of the tokens back out of circulation, it helped to balance our strained currency system. About 200 garden and field workers whom we paid in tokens without, however, getting anything in return from them, for months on end, which we could sell for tokens, were a heavy liability. Also the overhead charges had to be "carried" by the token system.

Gradually internees able to pay in cash availed themselves of our services. Cash trickled in—export bringing foreign currency into our system. The money thus earned had to cover the running expenses of our various departments and constituted the limit for buying materials for further employment and for expansion.

#### IV

BY THE MIDDLE of December we had sleepless nights. People stormed our office. We had about 6,000 tokens in circulation. What were they to buy for their tokens? Inflation was imminent.

And, indeed, from the individual's point of view our results were pitiful. First they had to wait, ask, press for the work which was never half enough to go round. Then they had to call for the work, wait for about an hour before they were duly registered with what they were taking home. Then they had to deliver the work for inspection by the heads of departments and wait for a preliminary work receipt to be made out in the office. Next they had to queue up on fortnightly token pay days, and long queues they were. And finally they had to go to the camp bank for their *sh* 2.3 per fortnight. Yet it was the best we could do in our tiny office through which several hundred people passed every day.

Angry women showed us their bare legs. Here they had worked hard for their tokens, many of them spoiling their own clothes. They did not want their hair done, or a manicure, or their things washed, or a crocheted collar, or a rag doll, or a sewing basket, or toys, or a folding waste paper basket, or a net bag, or an identity card holder, or shell necklaces, or shell bracelets, shell brooches, shell ash trays, shell flower stands! They needed stockings; sewing material; tooth paste; wool to knit themselves warm things, and something to eat to supplement the sparse fare many land-ladies provided. We were making money, they knew it. We tried to explain, fifty times per day, that we simply had to put every penny the

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Service Exchange earned into material for further employment—else we would have to close our show within three days. But the argument never got across to our general public.

## V

CHRISTMAS BROUGHT LAND in sight, and badly needed it was. All our bricabrac sold like hot cakes. We earned pounds and shoveled in tokens. In the street, people waylaid others who were going into our shop to buy for cash; couldn't they sell them their tokens? Prices for one token varied between 1½ to 3 pence on this "black" exchange. This meant less cash for us, but more tokens coming back. It greatly worried some of our helpers, but on the whole we were pleased that our workers got some money, after all, for their work. And in any case there was no way, and in my opinion, no need to stop this sale of tokens.

At last we could buy wool for socks, hoods and gloves, material for aprons and for blouses which we embroidered so as to provide more employment from the same material. We made cards of various sewing articles, strands of all shades of silk and darning yarn. We even got to supplying tasty pasties and cookies. From the Quaker representative and the helpful relief officer we got a share of the store of second-hand clothes sent to the camp for needy internees. These we cleaned and remade. Tokens were accepted as payment in the camp library, for shows and concerts and lectures. At last we had more practical things to offer for the tokens, but never enough. From January, 1941, on, the system was established. The Service Exchange staff, the camp authorities, the internees grew to know what and what not to expect of each other.

There were three definite periods, psychologically, in the camp history: first everybody was indignant, frantic about getting released at once. Then the "duration spirit" began to prevail; people resigned themselves to being interned. This was the time when the Service Exchange flourished. From October onwards, the tribunal at Douglas began releasing people. Every week some old helper was leaving, new ones had to be trained. We were building on shifting sand. In a population that dwindled from 4,500 to about 1,000 during the winter of 1941, the Service Exchange still functioned, shrinking gradually. It was formally liquidated in November of that year.

At its height the Service Exchange employed more than a thousand women, from occasional jobs to "full time." During its fifteen months of existence its turn-over was nearly £1,500, of which £480 were in cash.

Money earned was immediately ploughed back into material or tools, thus, in the end, supplying services or goods available for tokens. On the average, it took *sb* 1.8 to supply six half-days of employment. There were about 8,000 tokens in circulation which came back ten times. Except for 260 tokens which were not presented, all tokens were duly redeemed. The expense to Government funds (initial equipment and *sb* 2.3 pocket money) was £340.-, which provided 120,000 hours of employment. Surely this was one of the most inexpensive schemes for diversified unemployment relief, and well worth remembering as such. This, of course, is only the financial aspect of a project by which thousands of articles were produced and, more important still, one by which women were kept busy, stimulated, doing work of their own choosing instead of being forced to idleness for fifteen months.

## VI

RUNNING THIS ARTIFICIAL ECONOMY strikingly brought home some of the difficulties involved in a centrally-planned economy, even on so small a scale and although the consumer's supplies were not allotted but left to individual choice within our limitations. I do not believe that these difficulties were due to lack of organization or insufficient statistical methods as many will assume; they seem to be inherent in a system involving central planning rather than in a system adjusted by the movement of prices.

On what to spend the money we earned (the problem of direction of capital) was a continuous problem. Spending from the consumer's point of view meant high expense for material in relation to labor involved (dresses, cardigans). Or was it more important to stretch the money to provide as much employment as possible even if it meant turning out less desirable articles? We tried to balance between the two.

Were clips and combs for the hairdresser's, seed for the gardeners, peter-sham and yarn for the dressmakers, another iron for the laundry, or wool for the knitters most important? Each claimed they could not go on without. A vote on such questions is not easily possible. Decisions were bound to be arbitrary—there was no way of making sure. They were blamed as being taken according to personal favoritism. And indeed, the manner of presentation of the need often enough tipped the balance.

We had a weekly staff meeting for the allocation of money. Our shopkeepers had to substitute for the rôle of the price system in ordinary life:

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what had sold best, what could it be people wanted most? Here, again, the individual factor intruded.

Although prices for articles were fixed according to expense and labor involved (the token had come to be fixed at the value of 3 pence), there was a curious tendency on the part of the shop assistants to raise the prices of goods much in demand, although this was of no personal advantage, of course. Capitalism seems ingrained more than skin deep in most of us.

There were continual accusations of favoritism in the distribution of work. This reproach any bureaucracy in a planned economy will have to face and, also, will hardly be able to overcome.

As is unavoidable where there is scarcity, the staff, those "in the know," was accused of snatching up the best bits before the general public had a chance at them. And actually it required continual appeals to morale to keep this from happening. In the work shops there was no way of preventing petty thefts—people seem inclined to steal more easily from an anonymous organization than from individual persons.

## VII

COMPARED TO A STRAIGHTFORWARD job and a real wage in ordinary life what the Service Exchange had to offer was mere nonsense. Compared to the enforced idleness in the camp it was a great deal. The main gain was spiritual. The Service Exchange had been fun. Our inner circle of helpers worked enthusiastically for a shilling a week and bits of card board. We have learned our lesson: with pluck and ingenuity *self-help* is possible under almost any circumstances. Like the school and the kindergarten for our children, like the flourishing adult classes at Dandy Hill, like the shows and concerts we put up between us, the Service Exchange had been something courageous, dynamic and enterprising in a stagnant, stifling atmosphere. From that viewpoint it was worth while.

*Appendix*

## SERVICE EXCHANGE

## OFFICE: HYDRO COTTAGE

OFFICE HOURS: 10-12.30 a.m. }  
 2.30-5.30 p.m. } except Mondays.

As there is no prospect of paid work to be obtained for us under the present troubled circumstances, we are setting up a self-help organization, the Service Exchange, with the consent of the Commandant.

## VOLUNTEERS ARE WANTED FOR THE FOLLOWING OCCUPATIONS:

Sewing	PAYMENT WILL BE MADE IN SERVICE TOKENS! THESE WILL BE ACCEPTED AS PAYMENTS.
Dressmaking	
(Cutters especially wanted)	
Making of underwear	
" " Brassieres & corsets	1.) In the Camp Library, for shows, concerts, lectures.
Stocking ladder repair	
Ordinary stocking darning	2.) For the services which we hope to set up within the Exchange: Hairdressing, manicure & foot-comfort, massage.
Knitting (please state if skilled or average)	Dressmaking & alterations Underwear making & repair
Laundry work	Brassiere & corset making & rep.
Ironing (please state)	Cleaning & re-proofing of raincoats
Hairdressing (esp. wanted)	Stocking ladder repair &
Beauty culture	Ordinary stocking darning
Manicuring	Washing, ironing, pressing
Chiropody	Things knitted to order
Massaging	Private lessons in languages
People able to make games (Halma, Chess, etc.)	Legal advice by an expert (Applications made)
" able to make material for schools: (maps, dolls)	Hourly help with children
Refitting of used envelopes	3.) For goods which we hope to manufacture within the exchange
Taking care of children	
Watch repair (esp. wanted)	
Furriers	
Carpenters & joiners	
Interior decorators	
Field- and gardenworkers (experts esp. wanted)	
Private tutors in languages	
Offers of services not mentioned are also welcome	
Orders for any of our services by people with CASH are highly	
	WELCOME
Customers are asked to come to the Office to have prices quoted	
VOLUNTEERS will please make out a note and hand it in at the Office Hydro Cottage.	

## • R E V I E W S •

### Aspirations for a Greater Democracy

By JOSEPH S. ROUCEK

AMONG THE RECENT PUBLICATIONS on the theory of democracy, a field that has attracted an increasing number of American scholars lately, a selection can be roughly divided into two groups. One, those of Charles E. Merriam,<sup>1</sup> Lewis Corey,<sup>2</sup> Irwin Edman,<sup>3</sup> Roscoe Pound and others<sup>4</sup> and possibly that of Thurman Arnold,<sup>5</sup> represents the studies which are interested in the various aspects of the fundamental problems of political thought. The second, embracing the works of Arnold,<sup>6</sup> Arthur C. Millsbaugh,<sup>7</sup> Dewey Anderson and Percy E. Davidson,<sup>8</sup> Bennett Milton Rich<sup>9</sup> (and possibly Silas Bent McKinley<sup>10</sup>), is composed of volumes which analyze the operation and functioning of democracy in some of its selected aspects.

#### I

IN A FORMER REVOLUTIONARY PERIOD, the emotions of aspiring and fighting men found expression in triplicate slogans. For Americans, the words were "Life, Liberty, and the Pursuit of Happiness." For Frenchmen, "Liberté, Égalité, Fraternité." These ideals and others were soon merged in the one term, Democracy; and Democracy came to be not only a mere aspiring hope but also and primarily a form of government—and now the way of life.

From the American Revolution through the war of 1914–1918, the trend of political development everywhere appeared to be toward the establishment and extension of popular government. World War I was interpreted by President Wilson as a war to "make the world safe for democracy." Its outcome seemed to confirm the historical trend.

<sup>1</sup> Charles E. Merriam, *On the Agenda of Democracy*. Cambridge, Mass.: Harvard University Press, 1941. Pp. ix, 135. \$1.50.

<sup>2</sup> Lewis Corey, *The Unfinished Task: Economic Reconstruction for Democracy*. New York, The Viking Press, 1942. Pp. xiii, 314. \$3.00.

<sup>3</sup> Irwin Edman, *Fountainheads of Freedom*. With the collaboration of Herbert W. Schneider. New York: Reynal & Hitchcock, 1941. Pp. xii, 576. \$3.75.

<sup>4</sup> Roscoe Pound, Charles H. McIlwain, Roy F. Nichols, *Federalism as a Democratic Process*. New Brunswick, N. J.: Rutgers University Press, 1942. Pp. 90. \$1.25.

<sup>5</sup> Thurman W. Arnold, *Democracy and Free Enterprise*. Norman: University of Oklahoma Press, 1942. Pp. 81. \$1.00.

<sup>6</sup> *Op. cit.*

<sup>7</sup> Arthur C. Millsbaugh, *Democracy, Efficiency, Stability*. Washington, D. C.: The Brookings Institution, 1942. Pp. x, 522. \$2.00.

<sup>8</sup> Dewey Anderson, and Percy E. Davidson, *Ballots and the Democratic Class Struggle*. Stanford University, Cal.: Stanford University Press, 1943. Pp. xiii, 377. \$4.00.

<sup>9</sup> Bennett Milton Rich, *The Presidents and Civil Disorder*. Washington, D. C.: The Brookings Institution, 1941. Pp. x, 235. \$2.00.

<sup>10</sup> Silas Bent McKinley, *Democracy and Military Power*. New York: The Vanguard Press, 1941. Pp. xxii, 350. \$3.50.

But the rise and spread since the First World War of dictatorships and of the dictatorial ideology seemed about to shatter finally the hopes of democracy's most confident devotees and to confirm the warnings of those who had doubted the durability of popular government. The aggressive dictatorships now attempting a world counter-revolution represent a reversal, which now (that is since 1943) appears only temporary and partial, of a trend only recently thought to be impregnably established. This reversal, concurrent with and related to economic crises, has prompted a widespread re-examination of the foundations, validity, and prospects of the democratic ideology and of democratic government.

Merriam belongs in particular to the group of thinkers who have been trying to reconcile the weaknesses of democracy, as a set of ideological premises accompanied by mass symbolism, with the changed conditions of the times. As is the case with every ideological system, the reconsideration of the program of democracy in the light of modern conditions has been one of the main occupations of the theorists interested in the preservation of the democratic doctrines by re-interpreting and re-defining the fundamental concepts in terms of the changed social realities. The old world is gone—and will never return. Hence the old concepts of democracy need to be revitalized in the light of the new conditions and the impact provided by the "New Order." "We face a new era, which searches all creeds, all forms, all programs of action, and spares none," points out Merriam. "Reason and science have made basic changes that demand readjustment at many points."

Fortunately, as Merriam emphasizes, of all forms of political association "democracy is the most flexible and the most easily adaptable to new conditions," for "democracy does not forget the past, (as) it looks forward to a creative future. One of the chief tasks confronting democracy is the development of a program adequate to meet the changes of our time." Merriam's stimulating discussion presents a new Bill of Rights, including the right of an American standard of food, shelter, clothing, employment, protection against accident and disease, a guaranteed education, a guarantee of protection for old age, an opportunity for recreation and for cultural activities. He maintains that with a constantly expanding national income, which it is possible to obtain, these basic rights may be made good in daily life and that this is a part of the program of modern democracy. On the organizational side, he deals with the development of legislative power, with the reorganization of administrative management, and with the formation of a jural order of the world.

Corey touches on several points propounded by Merriam. Is democracy only the defender of an old and outdated order, it is asked, a cloak for an old-fashioned and unbending capitalism, for pluto-democracy, for imperialism, for old-style nationalism and the national balance of powers? Is there only form or procedure in liberty, justice, equality—form with the life squeezed out? Or is there vitality and soul in them? Is the present struggle one for the elaboration and intensification of the *status quo*, or is it the dawn of a new era of social justice?

Corey belongs to the group of thinkers who are convinced that the ultimate task of democracy is to construct a new economic world in which the moral and social values of freedom shall thrive and the seeds of totalitarianism shall find no place to root. Urging upon the men and women of the present generation their duty to "unlearn, relearn, and learn anew," Corey puts forth as fundamental his premise that change is inescapable. We cannot maintain an economic *status quo* which is out of harmony with real conditions. But we can determine the direction the change shall take. "Democracy, and democracy alone, has the intelligence, the capacity, and the will to shape economic reconstruction for greater welfare and freedom." But unless democracy seizes its opportunity, Fascism will. Corey's hope is that "all useful functional groups—management, labor unions, independent business, the farmers and professionals—will get together on the basis of a new understanding of identity of interests and of a program for democratic economic reconstruction in a world that must move beyond old economic institutions and ideas if it wants to preserve and invigorate the free way of life."

Corey's proposals for accomplishing this are numerous—in fact, too numerous. As an example, we can take his ideas in regard to administrative agencies: (1) limitation to a minimum of the number of national administrative agencies that perform economic functions; (2) operation of the agencies under mandates that definitely specify their functional rights and powers, with the agencies granted a large measure of independence within the provisions of the mandates; (3) the largest measure of administrative decentralization of agency authority and action within the necessary centralization and control of policy and power; (4) functional democratic representation within the administrative agencies; (5) final decisions on policy are to be made by Congress, in active consultation and co-operation with the Executive (p. 295).

Corey's ideas are evidently clothed in pretty general terms which are interesting as idealistic proposals but which, however, have or will receive little attention—not because of their lack of merit but rather because the course of world events (the book was published only in 1942!) has definitely postponed our interest in those kind of reforms. But the work ought to be read when the more stable world conditions will permit consideration of the unfinished task of economic reconstruction.

Edman and Schneider's work, with a significant subtitle, "The Growth of the Democratic Idea," has 200 pages of commentary, and some 400 pages of crucial statements and documents illustrating the vitality and the expansion of the basic democratic themes. The thesis is that "what is cherished and what is cherishable in the democratic faith are best understood by seeing how the idea has lived and grown from the Old Testament prophets to the prophets of later ages, facing different problems, finding different formulas, but uttering essentially the same hope and ideal" (p. vii). As a collection of readings, gathered from far and wide, this is a book of real distinction. I know of no other volume which has gathered so much of original source material on its topic within the confines of a single volume.

"Federalism as a Democratic Process" is analyzed by three well-known American authorities. Dean Pound expresses philosophically the reason why federalism is not incompatible with the development of the democratic process. Dr. McIlwain, the constitutional historian, illustrates how, from the beginnings of government among English-speaking peoples, federalism and democracy have been successfully welded. Dr. Nichols, the American historian, demonstrates that though there were breaches in the union between federalism and democracy when these ideas migrated to the new world, still no breach could divorce them, not even a civil war.

## II

ARNOLD'S LITTLE BOOKLET is partly devoted to political theory and partly to an analysis of our democratic processes. The work, a summary of the Baxter Memorial lectures delivered at the University of Omaha, does not have, unfortunately, the high quality reached in the author's "The Symbols of Government," "The Folklore of Capitalism," and "The Bottlenecks of Business." It is a summary thesis showing the attitudes and practices common to both management and labor which have slowed down the war effort and placed the United States under a serious handicap industrially. Arnold is particularly opposed to the cartel system, convinced that "in the long run the most efficient production and distribution of goods will come from private initiative in a free market" (p. 46); "never before has there been such a chance to restore free enterprise in this country. All we need to do is to catch the vision of how surpluses distribute themselves in the absence of restricted control" (p. 62). A neat little phrase, it is true, is this last sentence. But one wonders what the war has already done to this "vision"—and what the post-war economy will do to any such ideas.

Millspaugh's brilliant analysis suggests that recent economic conditions and the war now raging have demonstrated that, if the hopes of democracy are to be realized, it is imperatively necessary that government should possess uninterruptedly and in larger measure than ever before the intellectual and moral capacity to do the right thing at the right time. His approach differs in important respects from other studies of democracy. It is concerned with a proportioned analysis of government as a whole, endeavoring to show without burdensome detail or technical terms the various interacting factors that influence government and, along with the reactions of government, create our public problems. The study also examines the various parts, operations, and trends of political life in their relation, not only to the realization of popular control but also to the achievement of the two other basic essentials of satisfactory modern government—efficiency and stability. (The term "efficiency" is used in a broad sense, meaning promptness, adequacy, and effectiveness in the determination of governmental policies, particularly those that affect national security. "Stability" means, not a static or stagnant condition, but a smooth, evolutionary process of political adjustment.)

Millspaugh's conclusions bring to light certain adverse trends, indications of weaknesses and strain, and evidences of structural and mechanical

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defect; and "the general conclusion that the realization of democracy has become more difficult, the problem of efficiency more pressing, and the question of stability more critical" (p. 505). Otherwise, the author's results are meager, for he has been primarily concerned with diagnosis rather than with plans for reforms.

Anderson and Davidson's study in the backgrounds of political education is based on the query: Who votes: How? and Why? An original assembly of data on more than 70,000 registrants in a California county, Santa Clara, covering two elections—one state, the other national—furnishes the basis for many of the findings of the investigation. The authors have analyzed the "factor," or clusters of influences, which determine the party affiliation of voters, and show that, while party affiliation is plainly an individual matter, the influence of occupation is powerful when groups are considered.

The occupational approach to the study of politics is not new but has hitherto been incidental. In the present study the political rôle of occupational groups is given a central position. The conclusions are important as the examination of the contentions of both those who urge a blind faith in democratic ideals as the motivating force in political behavior and those believers in the Marxist notion of an inevitable class conflict which must result in the destruction of the existing political structure in the United States. Anderson and Davidson find, for instance, that "as the occupational-income-prestige-cultural scale is mounted so the electorate moves from affiliation in the Democratic party to membership in the Republican party" (p. 247).

This is an important contribution. It ought to be reviewed, read and discussed more widely than heretofore. While the tenor of treatment may seem to be discouragingly realistic rather than inspiring, and its appraisal of the current effectiveness of the formal processes of education for the enlightenment of democratic electorates distinctly critical, it faces actualities quite frankly. The study of popular political mentality and behavior and of the training of democratic citizens are as yet in their early stages. Any durable constructive efforts toward improvement must be based on solid facts—and the Anderson-Davidson work can be counted as an encouraging gain in this field.

Rich's analysis is interested in the actual operation of democracy by administrative action. The threat of civil disorder is ever present in our democracy. Unpopular laws, political struggles, racial conflicts, and especially labor disputes, have, in times past, resulted in serious rioting and bloodshed. To enforce peace, many presidents, including Washington, Jackson, Cleveland, and the Roosevelts, have made use of the armed forces of the nation. Rich shows how Presidents of the United States have handled the major instances of domestic disorder. Emphasis is here placed upon the manner in which they have made use of the Army, together with the methods employed to terminate the disturbances.

The conclusions reached by Rich are worthy to be noted. Prior to the Civil War the major instances of disorder were occasioned by the opposition

either to a state government or to the national government. Since the reconstruction period, on the other hand, disorders necessitating federal intervention have arisen chiefly as a result of industrial conditions. The history of these disturbances demonstrates that the inhabitants of a disturbed area have little to fear from an army which is properly trained, equipped, and commanded. The amount of actual fighting which the troops have been called upon to do in time of disorder has been infinitesimal (with the exception of the Pullman strike). With the increased size of the army there has been a tendency to use larger bodies of troops, on the theory that a demonstration of overpowering force acts as a deterrent on those who would provoke violence. Throughout the nation's history the principle has always been recognized that a special technique is required to handle civil disorder properly. No two presidents have handled disorders in the same manner. There are many factors responsible for the reluctance of the presidents to use the armed forces. The personality of the president, the circumstances surrounding a given disturbance, the effect of a too hasty decision upon public opinion, the delicacy of federal-state relations—all these effect in greater or less degree the president's policy. Rarely, if ever, has the exercise of extraordinary care been in error.

This is probably the most timely book of all the books reviewed here. As the annual spring troubles with John L. Lewis re-appeared on the horizon of 1943, the topic sprang up to public attention again. The facts which Rich has assembled on this problem are significant and important for a better understanding of the methods used by our democracy to handle America's labor problems.

McKinley's work, originally published in 1934, is based on the assumption that rights are never "granted" by a ruling class to an inferior one; they are won by the use of force or the threat of force, and this force, in the last analysis, is expressed by military power. Only during the periods when infantry has been superior to cavalry and the technical branches of the military service has democracy been able to maintain itself and to broaden the base of popular government; once this superiority has been lost, reaction has set in.

In general, McKinley shows that the trend of past history toward democracy was accelerated or reversed as the citizen infantry surpassed or was surpassed by the cavalry and professional armies. It was not until the closing months of World War I that the supremacy that infantry had held for centuries was lost to the new cavalry of the air, to tanks, to artillery and other technical arms. Even military experts did not immediately recognize that infantry had lost its superiority, but what this means to democratic liberties was demonstrated by the rise of post-war dictatorships—and was proved, for a while at least, by Nazi *panzer* divisions and the *Luftwaffe*.

### III

WHEN VIEWED COLLECTIVELY, several interesting characteristics stand out in regard to the volumes reviewed. The aspirations for a greater democracy, for more possibilities to be given to man's conscious activity in pur-

suit of desirable ends within the framework of democratic ideology, is the basic idea underlying all the books noted here. Merriam's assumptions can serve us as coming closest to what possibly all the authors have in their mind as the backbone of their reasoning: "We cannot trace precisely the blueprints of emerging forms of human association, but we have drawn from human reason and experience the outlines, blurred and marred though they may be, of a fraternal order of mankind in which the basic assumptions of democracy provide the framework of justice, liberty, order, welfare, peace" (p. 126).

But the idealism expressed in nearly all these works ought not prevent us from noting several notable weaknesses apparent in them. Although some of the works are only a year or two old, several appear aged with their discussion of the points which today no longer appear important because of the ever-accelerating tempo of the war (Arnold, Pound, Corey). History is today written at record-breaking and heartbreaking speed, and many ideas have become outmoded with the ever-changing problems of the war.

The use of force and violence in and by democracies and the use of force and violence in international relations has received very little, if any, attention by the proponents of democracy in the years preceding Pearl Harbor. We are glad to note the exceptions provided here by the works of Rich and McKinley.

Little, if any, influence at all has been exerted in these studies by the Sociology of Knowledge (the exceptions being possibly Anderson-Davidson and Rich), although many social scientists insist that the dominance of irrational forces in human nature has perhaps never been as complete as at the present. (See, for instance, Franz Alexander, "Our Age of Unreason," Philadelphia: J. B. Lippincott Co., 1942, and bibliography, pp. 342-359.) While the authors here insist, on the whole that the problem of social organization can be solved, that the individual can be adjusted to the new ways of living which natural and applied science has devised in a miraculously short period, by the application of democratic principles, many proponents of the Sociology of Knowledge can point out that the main defect of the present concepts of democracy, just as of the social philosophies of the past—both the dreamlike utopias and also the sober economic theories—are prone to underestimate the nature of human personality (a weakness particularly evident in Merriam and Corey). These theories tend to attribute to the masses and their leaders imaginary attitudes, motives and behavior which are not those of real persons. Real persons do not follow the artificial rules of the game as it "*ought* to be played" according to the utopians. At best, all such proposals over-estimate the power of intellect because of their lack of insight into the asocial, selfish, and regressive trends in men. The underworld of human nature—envy, hostility, revenge, and lust of power—is ignored by the present philosophers of a hopeful, progressive, and increasingly wealthy world, who are slow to point out that frustration, discontent, and hopelessness are conditions which bring the untamed impulses of man to the surface. Furthermore, none of the re-

viewed treatments indicate that there has been a strong tendency toward anti-intellectualism.

There is no doubt that the complexity of modern social life, even more complicated by the present war and by the international problems on a global scale, makes the task of political theory particularly difficult. But if political theory were to attain absolute truth and square completely with the facts of political life, it would be dead. The ideas and factual data provided in the present volumes can be considered, on the whole, as useful additions to the efforts to bridge the frequent discrepancies between democratic dilemmas and practices and the ideas upon which democratic political institutions are based.

### The Negro in New England

*The Negro in Colonial New England, 1620-1775.* By Lorenzo Johnston Greene. New York: Columbia University Press, 1942, 404 pp., index, tables, \$4.50.

Southern Bourbons and their northern adherents have for long written studies of the Negro people which were aimed to be historical monuments to their alleged colossal ineptitude. This preconception, the historical underpinning for the arguments of politicians like Bilbo and Rankin, has cast its moving shadow across the early and later reaches of American history, obscuring and distorting the part played by the Negro. Now that the imperious demands of a struggle against the Axis currently forces reconsideration of the Negro, Professor Lorenzo J. Greene has crowned many years of painstaking research with the opportune publication of an illuminating study of "The Negro in Colonial New England, 1620-1776."

This book is the first full length study of the title subject. Although it contains material and views familiar to readers of Elizabeth Donnan, William B. Du Bois, Benjamin Brawley, and Herbert Aptheker, it presents a mass of new data and interpretations which are thoroughly discussed and elaborately documented. What is most important are the critical revaluations effectively destroying images graven from the fashionable commingling of fact and racial bias.

Unlike the pioneering monograph of James C. Ballagh, "History of Slavery in Virginia," this study does not press the varied stuff of human life into moulds which are predominately juridical. While the legal aspects are amply considered, we vividly see Puritan slavers packing Negroes through the horrors of the "middle passage" from Africa to the West Indies. The Belchers, Faneuils, Cabots, and Browns, waxing fat upon the destruction of African civilization, founded the wealth and culture of New England in part upon the traffic in slaves who were considered, even by Roger Williams, as having mercifully been brought closer to salvation. We see a comparatively small slave population projected into New England adjusting themselves to varied economic pursuits. We see

the slave in relation to his family, master, and God; and the freed Negro striving against insurmountable obstacles placed in his way by the master class.

The thesis that the Negro was inadaptable to the diverse economic requirements of New England, accepted by Ernest L. Bogart, Thomas J. Wertenbaker, and most historians as the explanation for the paucity of slaves there, is effectively refuted by Greene. For Negroes are shown in New England's fields, forests, shipyards, small manufactories and household industries, where they functioned efficiently, often in positions of responsibility. A few Negroes, like Phillis Wheatley, the poetess, or Lemuel Haynes, the first Negro to preach regularly to white congregations, won renown for extraordinary intellectual talents. Indeed, where an explanation for Negro failure is offered, stress is rightly placed upon the great environmental handicaps under which the slave and freedman alike lived, rather than upon some supposed native incapacity.

Many historians, like Ulrich B. Phillips, though admitting the existence of slave revolts, have painted the traditional picture of the docile Negro who accepted his slavery quietly if not in good cheer. Yet here is presented a well-documented case to the contrary. Despite the legal status of the Negro, who represented a blending of servant and bondsman, and despite Puritan liberality in the treatment and education of the Negro, he yearned for liberty and conspired to secure it in one way or another. How different was the Puritan's attitude on slave education from that of Frederick Douglass' Maryland master a century later; yet how similar was the New England slave's dream of freedom to that of Douglass! Neither the persuasive indoctrination of religion nor the coercion of slave codes and of master controls could dissuade the slave from striking blows against slavery through flight, arson, murder, suicide, and insurrection.

Laden with the usual impedimenta of a doctoral dissertation—exhaustive footnotes, extensive bibliography, valuable appendices, and index—the book is nevertheless unusually readable; the thesis, persuasive. The style is clear and forceful; no scholar of American colonial history, no opponent of Aryan supremacy or of Negro inferiority, can afford to overlook this excellent study.

IRVING MARK

*The World's Iron Age.* By William Henry Chamberlain. New York, The Macmillan Co., 1941, 402 pp., index, \$3.

A long and carefully written book, strong with the author's own indignation, alive with his practical observations, this work was written, evidently, in the first years of the Second World War. One viewpoint of the author pulses through it, his dislike and distrust of the Russian Soviet régime. This, he feels, is the wrong sort of development of the Iron Age, the age when a weak liberalism collapsed under the shock of war. One wonders just what this writer's opinions of the world of today, a world of dying liberalism as he so correctly shows it to be, would have been if he had been

steeped in the American progressive tradition. He glimpses it; in the first chapter, speaking of the "vast, invisible impersonal forces such as have always undermined the golden ages of human history," he says: "Inequality of wealth as between classes and between nations is a third (such factor). Most important of all, perhaps, is the inability of collective human intelligence and good will to cope with some of the problems which the modern age has posed. This, I believe, is the fundamental cause of the cyclical fall of civilizations throughout history after they have achieved a certain level of cultural and material accomplishment."

To Mr. Chamberlain, European civilization of the nineteenth century was brilliant, indeed, but brittle and vulnerable. From it arose the infernal cycle of war and revolution. He notes that "war breeds revolution as the natural response to its miseries and dislocations." But he seems not to know why. And therefore he looks to the future somewhat pessimistically. He calls the present war a "war of steel against gold," a war that gives the world its "Iron Age."

Apart from the constantly recurring evidence of hatred for the "Bolshevik influence" of Russia—which was the general opinion in 1941 but now has suddenly (and rather amusingly) lost many of its diplomatically-minded adherents—Mr. Chamberlain's book is well worth reading. His chapters on the various countries in the period between wars, and even before the First World War, contain a great deal of evidence that will be valuable to those interested in this period in history. He gives interesting pictures of life in these countries in the Age of Liberalism. The book portrays, clearly and well, the breakdown of a liberalism that did not endure because it was not "founded in justice."

GRACE ISABEL COLBRON

*Renaissance: Revue trimestrielle publiée en langue française par L'École Libre des Hautes Études*, New York. Henri Grégoire, directeur; Alexandre Koyré, secrétaire de la rédaction. Vol. 1, Fasc. 1 et 2 (Janvier-Juin 1943), 344 pp., \$2.

The free French and Belgian scholars grouped around the École Libre des Hautes Études in the New School for Social Research in New York have taken another important step in the preservation and dissemination of the humanist tradition of French culture in launching this scintillating review of science, philosophy and belles-lettres. This is no emigré effort; this periodical, much needed by a nation that loves France yet knows her none too well, is clearly destined to enjoy a permanent place in American literature. Of particular interest in these numbers are Georges Gurvitch's essay on the social philosophy of the late Henri Bergson; Georges Sarton's on the future of science; Paul Schrecker's on the problem of revolution in the philosophy of history, and B. S. Chlepnér's on the economics of war, armaments and peace.

Books reviewed in these columns may be obtained  
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#### INDEX

An index to Volume 2 of THE JOURNAL is being prepared, and, together with a flyleaf, etc., will be distributed to all subscribers with the next number. It is suggested that binding be postponed until the index is received. Subscribers who wish to have their issues bound for them are invited to communicate with THE JOURNAL'S secretary-treasurer.

